

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-701

General limitation

The Senate bill contained a provision (sec. 4) that would limit the total amounts authorized to be appropriated in this act to \$263.1 billion.
The House amendment contained no similar provision.
The Senate recedes.

Congressional defense committees

The term "congressional defense committees" is often used in this statement of the managers. It means the Committees on Armed Services and the Committees on Appropriations of the Senate and House of Representatives.

DIVISION A-DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I-PROCUREMENT

Overview

The budget request for fiscal year 1995 contained an authorization of \$43,584.2 million for procurement in the Department of Defense. The Senate bill would authorize \$43,797.0 million. The House amendment would authorize \$44,631.3 million. The conferees recommend authorization of \$43,527.9 million. Unless noted explicitly in the statement of managers, all changes are made without prejudice.

Submission of congressionally directed reports

As defense resources have declined, congressional emphasis on carefully prioritizing defense programs has properly increased. As a consequence, relatively smaller programs have required more thorough review. In developing the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160), the conferees identified several Navy procurement and development programs in the statement of the managers (H. Rept. 103-357) that merited stronger review within the Department. A partial list of these programs includes antisubmarine warfare (ASW) targets, torpedo support equipment, attack submarine (SSN) acoustics, domestic forging and manufacture of ship propellers, ship self-defense, towed array sonars, and the ship main propulsion gas turbine improvement program. The conferees highlighted these issues for a variety of reasons, including:

- (1) major changes in force structure that may not have been reflected in acquisition priorities;
- (2) uneven protection of the industrial base in critical areas; and
- (3) professed warfighting emphasis shifts to littoral operations that did not appear to reflect the post-Cold War defense environment.

The conferees believed that the Department failed to justify adequately many of these programs in the budget justification material and the budget review process. In a general effort to address these concerns prudently, the conferees avoided taking precipitous action and reducing budgeted resources in fiscal year 1994 for such programs.

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Instead, the conferees directed the Department to prepare a number of reports. The conferees intended that these reports would provide the Navy an opportunity to specify, in detail, how the Navy was adapting these programs to accommodate a new strategic and budget reality. The conferees intended to review these reports during consideration of the fiscal year 1995 defense authorization request.

The conferees also reminded the Navy informally of a reporting requirement on combat logistic force plans. The report, which was originally required in July 1992 in the Senate report on S. 3114 (S. Rept. 102-352), was due in February 1993.

When the Armed Services Committees of the Senate and House of Representatives began their mark-ups of this act, the Navy had delivered none of the reports listed above. To date, the Navy has now submitted only three. Of the three, the conferees believe that only one, the report on SSN acoustics, is reasonably comprehensive and begins to address the concerns that triggered congressional interest in the first place. Even this report did not deal with a principal part of the report requirement-distinguishing between future upgrades appropriate for a littoral environment and those associated with traditional open ocean ASW. Nor did it clarify their cost implications, information that was explicitly requested in the bill.

The conferees: (1) lack some required reports; (2) have been unable to verify the resource allocation priorities made in the Navy budget; (3) have dealt with budget justification that did not clarify such anomalies as inordinate cost growth from prior years; and (4) have seen unenlightening Defense Department appeals that rely more on rhetoric and assertions than analysis. The consequences are relatively predictable. The conferees have reallocated resources from some of these programs to others with higher priority. The Navy, and the rest of the Defense Department, should not be surprised when the Department delivers reports that are deficient, late, or both, and Congress takes action that the Department would not prefer.

Auth Conf, p. 471-472

AIRCRAFT PROCUREMENT, AIR FORCE

Overview

The budget request for fiscal year 1995 contained an authorization of \$6,747.6 million for Aircraft Procurement, Air Force. The Senate bill would authorize \$6,588.0 million. The House amendment would authorize \$6,101.8 million. The conferees recommend authorization of \$6,489.5 million, as delineated in the following table. Unless noted explicitly in the statement of managers, all changes are made without prejudice.

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WEAPONS PROCUREMENT, AIR FORCE

Overview

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The budget request for fiscal year 1995 contained an authorization of \$4,392.2 million for Weapons Procurement, Air Force. The Senate bill would authorize \$4,330.5 million. The House amendment would authorize \$3,953.2 million. The conferees recommend authorization of \$3,732.8 million, as delineated in the following table. Unless noted explicitly in the statement of managers, all changes are made without prejudice.

Auth Conf, p. 522

AMMUNITION, AIR FORCE

Overview

The budget request, the Senate bill, and the House amendment contained no separate account for Air Force ammunition programs. Those programs were funded within the Weapons Procurement, Air Force account. The conferees recommend authorization of \$251.5 million for these programs in a new Ammunition, Air Force account as delineated in the following table. Unless noted explicitly in the statement of the managers, all changes are made without prejudice.

Auth Conf, p. 525

OTHER PROCUREMENT, AIR FORCE

Overview

The budget request for fiscal year 1995 contained an authorization of \$7,078.3 million for Other Procurement, Air Force. The Senate bill would authorize \$6,961.2 million. The House amendment would authorize \$6,855.4 million. The conferees recommend authorization of \$6,929.2 million, as delineated in the following table. Unless noted explicitly in the statement of managers, all changes are made without prejudice.

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PROCUREMENT, DEFENSE-WIDE

Overview

The budget request for fiscal year 1995 contained an authorization of \$1,744.9 million for Procurement, Defense-wide. The Senate bill would authorize \$1,935.6 million. The House amendment would authorize \$2,066.7 million. The conferees recommend authorization of \$1,891.4 million, as delineated in the following table. Unless noted explicitly in the statement of managers, all changes are made without prejudice.

Auth Conf, p. 534

SR-71 reconnaissance aircraft

The budget request did not include funding for SR-71 aircraft.

The Senate bill would provide \$100.0 million in research and development, split equally between the national foreign intelligence program (NFIP) and tactical intelligence and related activities (TIARA) program budgets, to reactivate the SR-71 aircraft to provide a contingency reconnaissance

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capability. The Senate initiative depended on a determination of whether the costs would be acceptable and a viable contingency capability could be acquired for \$100.0 million.

The House amendment contained no similar funding.

The conferees agree to provide \$100.0 million to reactivate the SR-71 to provide an interim contingency reconnaissance capability to be managed by the Defense Airborne Reconnaissance Office for the purposes described in the Senate report (S. Rept. 103-282). The Secretary of Defense shall provide to the congressional defense committees classified and unclassified reports by January 1, 1995, detailing the following:

- (1) how the SR-71 could be integrated into the Department's reconnaissance modernization plan;
- (2) how the SR-71 will contribute additional capabilities to the Department's reconnaissance and intelligence collection capability;
- (3) the time it will take to fully reactivate the SR-71; and
- (4) the effect on the Future Years Defense Program of the costs to provide this additional reconnaissance capability until new endurance UAVs are fielded.

PROCUREMENT, NATIONAL GUARD AND RESERVE EQUIPMENT

Overview

The budget request for fiscal year 1995 contained no funds for Procurement, National Guard and Reserve Equipment. The Senate bill would authorize \$600.0 million. The House amendment would authorize \$787.2 million. The conferees recommend authorization of \$510.0 million, as delineated in the following table. Unless noted explicitly in the statement of managers, all changes are made without prejudice.

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National Guard and reserve equipment

The budget request included no funds in the National Guard and reserve equipment procurement account.

The Senate bill would provide \$600.0 million. The Senate report (S. Rept. 103-282) provided these funds in broad categories, such as medical equipment, aviation and aeromedical equipment, construction and transportation equipment, and electronic and communications equipment. The report also indicated that the funds should be focused toward those activities that meet important military needs, and also enhance the capability of the reserve components to assist civilian authorities.

The House amendment would provide \$787.2 million. The House report (H. Rept. 103-499) allocated these funds to some specific programs and some generic categories.

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The conferees agree to provide \$510.0 million, as indicated in the following table. The conferees note that they have provided \$130.0 million in the Army missile procurement account to buy a battalion of multiple launch rocket system (MLRS) launchers for the Army National Guard.

NATIONAL GUARD AND RESERVE PROCUREMENT

[In millions of dollars]		
	Quantity	Amount
Army Reserve		
Miscellaneous equipment		50.0
Navy Reserve:		
Miscellaneous equipment		50.0
Tactical airlift aircraft	1	30.0
Marine Corps Reserve:		
Miscellaneous equipment		50.0
Air Force Reserve:		
Miscellaneous equipment		20.0
Tactical airlift aircraft	1	30.0
Army National Guard:		
Miscellaneous equipment		20.0
Air National Guard:		
Miscellaneous equipment		20.0
Tactical airlift aircraft	8	240.0
Total	10	510.0

The conferees agree that the funds in this account should be made available in a generic category that will:

(1) give the reserve components maximum flexibility to identify their highest priority requirements and apply resources to filling those requirements; and

(2) allow the purchases to enhance activities that meet important military needs, and also enhance the capability of the reserve components to assist civilian authorities.

The conferees also agree that none of the funds in these areas be obligated until the Chief of the National Guard Bureau and the head of each reserve component have reported on the proposed use of such funds, in accordance with established reprogramming procedures.

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TITLE II-RESEARCH, DEVELOPMENT, TEST AND EVALUATION (RDT&E)

Overview

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The budget request for fiscal year 1995 contained an authorization of \$36,225.0 million for research, development, test and evaluation in the Department of Defense. The Senate bill would authorize \$35,790.9 million. The House amendment would authorize \$35,979.2 million. The conferees recommend authorization of \$36,017.0 million. Unless noted explicitly in the statement of managers, all changes are made without prejudice.

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RESEARCH AND DEVELOPMENT, AIR FORCE

Overview

The budget request for fiscal year 1995 contained an authorization of \$12,349.4 million for Air Force research, development, test and evaluation. The Senate bill would authorize \$12,329.8 million. The House amendment would authorize \$12,318.8 million. The conferees recommend authorization of \$12,475.7 million, as delineated in the following table. Unless noted explicitly in the statement of managers, all changes are made without prejudice.

Auth Conf, p. 586-7

RESEARCH AND DEVELOPMENT, DEFENSE-WIDE

Overview

The budget request for fiscal year 1995 contained an authorization of \$9,416.9 million for Defense-wide research, development, test and evaluation. The Senate bill would authorize \$9,322.3 million. The House amendment would authorize \$9,054.2 million. The conferees recommend authorization of \$9,185.6 million, as delineated in the following table. Unless noted explicitly in the statement of managers, all changes are made without prejudice.

Auth Conf, p. 599

DODDS Director's fund for science, mathematics and engineering

The budget request contained no funds for the DODDS Director's fund for science, mathematics and engineering.
The Senate bill would provide \$20.0 million for this program from the funds authorized for PE 61103D.
The House amendment contained no funds for this program.
The House recedes.

Computer-assisted education

The budget request contained no funds for computer-assisted education.
The Senate bill would provide \$20.0 million for computer-assisted education from the funds authorized for PE 61103D, and \$2.0 million from each of the following program elements: PE 61102A, PE 61553N, and PE 61102F.
The House amendment contained no funds for this program.
The House recedes. The conferees direct the Department of Defense to conduct the competition called for in the Senate report (S. Rept. 103-282).

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Center for Adaptive Optics

The budget request included \$232.492 million in PE 61103D for university research initiatives (URI).

The Senate bill would authorize the requested amount.

The House amendment would provide an additional \$5.0 million to complete the university research initiative for the technology transfer of adaptive optics that was initiated in fiscal year 1993.

The conferees recommend \$234.992 million for URI, of which \$5.0 million shall be for the Center for Adaptive Optics.

Telemedicine

The budget request contained no funding for telemedicine.

The Senate bill would authorize \$20.0 million for telemedicine in the following amounts: \$10.0 million in the Army in PE 63002A; \$5.0 million in the Air Force in PE 63231F; and \$5.0 million in the Navy in PE 63706N.

The House amendment would provide \$5.0 million in PE 62301E for telemedicine.

The House recedes. The conferees agree that the Director of Defense Research and Engineering should report to the Committees on Armed Services of the House of Representatives and the Senate in accordance with the direction on telemedicine reporting contained in the House report (H. Rept. 103-499). The conferees agree that any funds needed to accomplish the ARPA coordination called for in the House report shall come from PE 62301E.

Software reuse and technology transfer

The budget request contained \$93.7 million for research on intelligence systems and software, including software reuse, in PE 62301E.

The Senate bill would authorize \$7.5 million in this program element for software reuse.

The House amendment did not contain a similar authorization for software reuse.

The House recedes.

The conferees recommend that \$7.5 million be authorized for the software reuse project as described in the Senate report (S. Rept. 103-282).

Simulation-based design

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The budget request contained \$111.3 million for PE 62702E, tactical technology.

The Senate bill would authorize the requested amount.

The House amendment would authorize an additional \$15.0 million for acceleration of simulation-based design technology.

The conferees agree to authorize an additional \$5.0 million to the Advanced Research Projects Agency (ARPA) tactical technology program for simulation-based design.

Material and electronics technology

The budget request contained \$224.828 million for materials and electronics in PE 62712E.

The Senate bill would authorize an additional \$17.0 million in PE 62712E for continuous fiber metal matrix composites.

The House amendment would authorize an additional \$19.125 million in PE 62712E for synthetic diamond, cryoelectronics, and microballoon technology.

The conferees agree to authorize an increase of \$18.0 million in PE 62712E. Of the amount authorized, \$17.0 million is for continuous fiber metal matrix composites; \$8.0 million is for chemical vapor deposition (CVD) and chemical vapor composite (CVC) synthetic diamond; \$1.0 million is for mercury cadmium telluride (MCT); \$4.0 million is for microballoon technology; and \$2.0 million is for aluminum beryllium alloys to meet military and commercial applications as recommended by the House amendment.

Auth Conf, p. 608-609

Joint DOD/DOE munitions technology development

The budget request contained \$14.4 million for the joint DOD/DOE munitions technology development program.

The House amendment recommended an increase of \$12.0 million to the requested amount.

The Senate bill recommended the requested amount.

The conferees recommend a total authorization of \$22.915 for the program. The additional funds will permit an expansion of ongoing DOD/DOE efforts in the development of innovative warhead, explosive, and fuze technologies that improve the capability and safety of conventional munitions, and develop and demonstrate environmentally-compliant processes for the demilitarization and disposal of unserviceable, obsolete, or non-treaty-compliant weapons. The conferees believe that the increased program will significantly benefit efforts to address the growing backlog of munitions awaiting demilitarization and disposal.

Fuel cells

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The budget request contained funds for fuel cell research but no funding for further development of the molten carbonate direct fuel cell power plant demonstration.

The Senate bill would provide an additional \$8.0 million for fuel cell research.

The House amendment would provide \$5.0 million for the molten carbonate direct fuel cell power plant demonstration.

The Senate recesses.

Experimental evaluation of major innovative technologies

The budget request contained \$609.3 million for the experimental evaluation of major innovative technologies (EEMIT).

The Senate bill would reduce the requested amount by \$12.0 million.

The House amendment would increase the requested amount by \$3.7 million.

The conferees agree to an authorization of \$636.1 million, which includes \$5.0 million for fuel cells, \$5.0 million for deep ocean relocation, \$8.0 million for multi-function, self-aligned gate antenna development, \$16.8 million for the virtual brigade, and a reduction of \$20.0 million for the transfer of ASTOVL to the joint advanced strike technologies (JAST) program.

The conferees note that this is the second year that the conferees have authorized additional funding for the virtual brigade initiative. The conferees agree that this is the last year that the Armed Services Committees of the Senate and House of Representatives will add funds for this program. If the Department of Defense and the Army want this program to continue, they will have to include funding for it in future budget requests.

Thermophotovoltaic technology development

The House amendment would authorize an additional \$2.0 million in PE 63226E for development and test of a prototype of a thermophotovoltaic (TPV) electric generator as a power source for use in unmanned underwater vehicles.

The Senate bill contained no similar funding.

The Senate recesses.

The conferees are aware of ongoing efforts in the Advanced Research Projects Agency to develop TPV technology and demonstrate an efficient TPV system. The conferees encourage the agency to continue its efforts with the National Aeronautics and Space Agency to develop and demonstrate competing TPV technologies and to program additional funds for this purpose.

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ARPA manufacturing technology

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The budget request contained \$346.1 million for ARPA manufacturing technology.

The Senate bill would authorize an additional \$25.0 million for advanced lithography and for the Institute for Advanced Flexible Manufacturing Systems.

The House amendment would authorize an additional \$72.2 million for advanced lithography and for coronary angiography.

The conferees agree to authorize an additional \$56.2 million for ARPA manufacturing technology: \$50.0 million for advanced lithography for a total for lithography of \$60.0 million, \$2.2 million for coronary angiography, and \$4.0 million for the Institute for Advanced Flexibility Manufacturing Systems.

Advanced concept and technology demonstration (ACTD) program

The budget request contained \$50.0 million for the advanced concept and technology demonstration (ACTD) program.

The Senate bill would provide \$50.0 million in PE 63750D for the ACTD program.

The House amendment recommended a reduction of \$25.0 million in the requested amount, because of a need to gain an understanding of the program plans for the individual technologies and advanced development projects selected for the ACTD program.

The conferees strongly endorse the views expressed in the House report (H. Rept. 103-499) on the value of the ACTD initiative. By involving the material developer and the military operational user in the development and demonstration of emerging advanced technologies and, when appropriate, fielding the newly demonstrated capability in limited numbers, ACTD can improve understanding of the military utility of the technology, validate operational concepts for the technology's use in the field, and break the lock-step of the traditional acquisition process. In this way, the development and fielding of new advanced technologies of proven military operational utility would be accelerated.

Because of the limited funding for the ACTD initiative recommended by the Appropriations Committees of the Senate and House of Representatives, the conferees agree to an authorization of only \$19.1 million for the ACTD initiative. The conferees believe, however, that a higher funding level is both justified and required to capitalize on the ACTD initiative and would consider authorizing a higher amount, should the Appropriations Committees so recommend in their conference on the fiscal year 1995 defense appropriations bill.

Physical security equipment

The budget request contained \$21.409 million for physical security equipment.

The Senate bill would authorize the requested amount.

The House amendment would authorize an additional \$7.5 million for robotic-related equipment.

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The House recesses.

The conferees agree to authorize \$3.479 million for a physical security vehicle in the physical security equipment line (PE 63228D) instead of in the Army's light tactical wheeled vehicles line (PE 64642). If a new physical security vehicle is approved by the Secretary of Defense and Congress, it should satisfy the needs of all the services.

The conferees are concerned, however, about a new armored vehicle intended only for physical security forces, including the military police. The conferees do not agree with the levels of protection that have been determined to be required for the Army's proposed armored security vehicle (ASV) and are not convinced that security forces, including military police, need a new vehicle with armor protection levels which exceed those available to scout platoons of tank and mechanized infantry battalions.

The conferees direct that not more than \$1.0 million of the \$3.479 million provided for the physical security vehicle may be obligated until 30 days after the Secretary of Defense submits to the congressional defense committees a cost and operational effectiveness analysis (COEA) justifying a new start for a separate, dedicated armored security vehicle. The COEA shall consider the need for security forces to have such a vehicle; the requirements of all the services; the potential threats that such security forces would most likely face; and all alternative vehicles currently in the Department of Defense inventory which could possibly fill the role of such a security vehicle, including the Bradley fighting vehicle, the M113 armored personnel carrier, the light armored vehicle, and current and upgraded versions of the armored high mobility multipurpose wheeled vehicle. The COEA shall thoroughly scrutinize ASV requirements for ballistic protection, specifically those against .50 caliber rounds and artillery fragments at close ranges.

Environmental technologies

The budget request included \$15.0 million for innovative environmental security technology.

The Senate bill would authorize the requested amount.

The House amendment would authorize an additional \$10.0 million.

The Senate recesses.

Acquisition and exploitation of foreign technology and material

The budget request contained \$49.9 million for the foreign material acquisition and exploitation (FMA&E) program.

The Senate bill and House amendment approved the requested amount.

The House report (H. Rept. 103-499) requested a report by July 1, 1994, on the foreign materiel and technology activities of the Department of Defense. In addition, the classified annex accompanying the Senate report (S. Rept. 103-282) requested answers from the Secretary of Defense and the Director of Central Intelligence to questions concerning foreign technology and acquisition prior to the conference on this act. The Administration's response reflects progress towards meeting essential national requirements.

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The conferees are persuaded that elements of the FMA&E and related programs are underfunded and that there are significant management and coordination problems within these programs. The conferees are prepared to support additional funding, subject to normal reprogramming procedures, provided that progress is evident in solving these problems. The conferees also agree that particular attention should be given to funding the advanced technology acquisition program in order to sustain it at least at the fiscal year 1994 level. Additional guidance is contained in the classified annex to this statement of the managers.

Tactical unmanned aerial vehicles

The budget request included \$121.0 million for research and development and \$225.3 million in procurement for short-range and maneuver-variant unmanned aerial vehicles (UAVs).

The Senate bill would authorize the requested amount.

The House amendment would authorize \$85.7 million for R&D, delete the funds requested for the maneuver-variant UAV, authorize the development of a down-sized ground station, authorized an additional \$7.0 million for the integration of the common automatic recovery system (CARS) with Pioneer UAVs, and authorize the requested amount in procurement.

The short-range UAV program was recently restructured. The low-rate initial procurement was reduced from seven systems to four, and the Defense Airborne Reconnaissance Office (DARO) has requested authority to apply the savings to a system maturation program and to adapting the UAV to Navy ships.

The conferees approve \$23.3 million for short-range UAV system maturation and \$14.5 million for system testing and evaluation, but deny \$30.6 million in procurement for the shipboard-variant. The conferees authorize up to \$5.0 million in RDT&E to begin development of a shipboard-variant. The conferees fully support this development but believe that the program office should prove that the basic system is mature before developing variants.

The conferees also deny \$21.1 million of the requested amount for the maneuver or close-range UAV system. The conferees recognize that the Marine Corps and Army have agreed on their requirements. However, the cost and operational effectiveness analysis (COEA) has not been completed and sent to Congress, and the conferees are not convinced that a separate UAV system is required to meet the Army-Marine Corps requirements. The conferees direct the DARO to review the COEA and undertake other analysis, as appropriate, to determine whether (1) the maneuver UAV would overburden brigade- and regiment-level logistics; (2) rapidly advancing brigades would "outrun" the maneuver UAV in terms of range, endurance, and ground support; (3) additional short-range systems at the division level to support brigades and regiments would make more operational sense; and (4) a short-range UAV solution would really be more expensive than the proposed maneuver system. This analysis should be completed and transmitted to the congressional defense committees as soon as possible, but no longer later than the submission of the fiscal year 1996 defense budget request. The conferees would be willing to consider a reprogramming request after the fiscal year 1996 budget is submitted to Congress.

The conferees agree to authorize an additional \$7.0 million in RDT&E for the procurement of at least three unit sets of CARS equipment for integration and testing on the Pioneer UAV, but only if the equipment can be applied later to the short-range UAV system when Pioneer is retired.

Stabilized weapons platform system

The budget request included \$9.6 million for development of a stabilized weapons platform system (SWPS) for the special operations patrol coastal ship.

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The Senate bill and the House amendment approved the requested amount.

After the Senate and House of Representatives each approved the defense authorization bills for fiscal year 1995 (S. 2182 and H.R. 4301), the U.S. Special Operations Command informed the Armed Services Committees that it had decided not to develop the SWPS system any further. Instead, the Command intends to procure a less costly, stabilized, non-developmental gun system and to develop a surface-to-surface missile system. In response to this new plan, the conferees agree to reallocate \$7.9 million of the requested amount of \$9.6 million for the procurement of a gun system. Because the Department of Defense Appropriations Act for Fiscal Year 1995, as passed by the Senate and House of Representatives, does not contain funds to develop the missile system, the conferees do not recommend funds for that purpose.

The Command's decision to discontinue development of the SWPS system is a realistic recognition of the limited funds that are available for this capability. The conferees are concerned that the Command's plans for developing a surface-to-surface missile may still be too ambitious and costly. The conferees urge the U.S. Special Operations Command to carefully consider the technology and money that are available for a weapons system for a ship of the size and capabilities of the patrol coastal ship.

Auth Conf, p. 612-616

Rocket motor demilitarization

The budget request contained no funds for rocket motor demilitarization.

The Senate bill would provide \$4.5 million for PE 604704D to evaluate and test the environmentally-sound demilitarization of large rocket motors and other high energetic explosives at the Nevada Test Site (NTS).

The House amendment would provide \$4.5 million.

The conferees provide \$4.5 million for PE 604704D to evaluate and demonstrate methodologies and technologies for the environmentally-sound demilitarization of high energetic explosives at the Nevada Test Site. These efforts should include an evaluation of the possibility of using the inactive tunnels at the NTS.

Joint service imagery processing system

The budget request included \$22.4 million in RDT&E and \$47.6 million in procurement for the joint service imagery processing system (JSIPS).

The Senate bill would consolidate service funding for the restructured JSIPS initiative by authorizing \$28.3 million in RDT&E and \$41.7 million in procurement in the Defense Airborne Reconnaissance Office (DARO).

The House amendment would withhold \$28.7 million from Marine Corps JSIPS procurement and \$8.3 million from Army JSIPS development until a plan is submitted that better defines the capabilities of JSIPS alternative systems.

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The House recesses.

The conferees, however, remain concerned about the Marine Corps proposal that maintains existing acquisition procedures through the Air Force joint program office. The conferees direct DARO and the Marine Corps to take maximum advantage of Navy JSIPS development, commercial off-the-shelf (COTS) technology, and DARO-approved streamlined acquisition practices.

The conferees direct DARO to report to the congressional defense and intelligence committees on the restructured JSIPS program elements prior to obligation of funds for each element. DARO also should report on the overall architecture and operational concept by March 1, 1995.

Multispectral imagery

The budget request included no funds for developing multispectral imaging sensor systems for airborne reconnaissance.

Both the Senate report (S. Rept. 103-282) and the House report (H. Rept. 103-499) directed the Defense Airborne Reconnaissance Office (DARO) to continue development of new multispectral imaging capabilities. Both reports also recommended use of unobligated Landsat funds for this purpose.

The conferees strongly support continued modernization of the U-2 aircraft, including its imaging capabilities. The Department of Defense recently terminated a development program for a high-performance and very expensive new multi-spectral imaging sensor for the U-2. The conferees recently learned that the existing U-2 electro-optical sensor could have been upgraded to achieve most of the capabilities of the terminated sensor at a very small fraction of the cost. The conferees cannot comprehend the reasons for not presenting this option to Congress years ago before hundreds of millions of dollars were wasted on the terminated program.

The conferees authorize \$10.0 million to begin developing an upgraded, multispectral sensor for the U-2 (SYERS). The conferees direct the DARO to develop a prototype sensor that can be adapted for operational use, and then to upgrade the existing four sensors and associated ground station functions. The conferees expect the total program cost to be about \$60.0 million. The conferees direct the Department to include funds for continuation of this effort in the fiscal year 1996 budget submission.

Cobra Ball upgrade

The budget request contained no research and development funding for the RC-135 Cobra Ball program.

The Senate bill contained no funding for the program.

The House amendment contained \$13.646 million in PE 35154D for the infrared acquisition array.

The conferees recommend \$13.6 million to upgrade the active ranging system, infrared acquisition sensor, and data processing capabilities. Enhancement of these capabilities is essential in order to provide adequate standoff range for collection of information on short-range ballistic missile systems and to provide data fusion for onboard sensors. The conferees request the Department to provide a report to the congressional defense committees on its plans and future funding for the Cobra Ball program.

C31 intelligence program

The budget request included \$16.0 million for a classified counterproliferation computer database system in PE 0305190D.

The Senate bill would deny authorization of the requested amount.

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The House amendment would authorize \$16.0 million for the program.

The conferees concur with the Senate position as described in the Senate report (S. Rept. 103-282). The conferees support cooperative counterproliferation efforts between the Defense Department and the intelligence community. However, the conferees are seriously concerned about the proposed counterproliferation database system. From a technical perspective, it is an interesting and promising proposal; however, there are major coordination and funding problems. This program is described as a joint national foreign intelligence program (NFIP)/tactical intelligence and related activities (TIARA) endeavor. However, with the exception of \$4.0 million for general database development, funds for this program were not included in the fiscal year 1995 NFIP budget submission. The conferees also understand that NFIP agencies are reluctant to commit funds without a formal cost-sharing agreement on future funding because of the project's large operation and maintenance costs. This raises questions about the ability of the community to fully fund this program in its current configuration and the advisability of undertaking such an ambitious project as a pilot program.

The conferees also are concerned that a program of this magnitude has not competed with other intelligence community and defense intelligence systems in the intelligence systems board (ISB) system migration process. As a result, at this time, the conferees believe that a financial commitment is not appropriate and deny authorization of the amount requested for this system. The conferees note that this recommendation is made without prejudice and encourage DOD to submit a reprogramming request once specific conditions are met.

The conferees direct the intelligence and communications architectures (INCA) project office, in cooperation with the ISB, to compare current major databases and software capabilities of intelligence community members, military service laboratories, and Department of Energy national weapons laboratories, with the capabilities of the proposed project. The report shall include the following: an assessment of the technical feasibility of the proposed project; an assessment of the feasibility of implementing the proposed project; a proposed plan that would include program plan strategy, milestones, and future funding requirements; an evaluation of the practical aspects of database linkage between existing capabilities of the intelligence community and appropriate nonproliferation and counterproliferation offices within the U.S. government; and an evaluation of the effect of the new program on systems included in ongoing intelligence migration strategies and activities.

As a show of good faith, the conferees make available in section 1504 of this act \$4.0 million in the research and development, defense agencies account for counterproliferation agencies. The conferees would limit the obligation and expenditure of these funds until the following conditions are met: the report described above is submitted to the congressional defense and intelligence committees; the ISB has determined that this system is consistent with its developing architecture and that it conforms with community standards for compatibility and interoperability; and a formal cost-sharing agreement between the NFIP and TIARA is reached, which includes sources and future funding. Lastly, the conferees would require that any reprogramming request for this program be matched dollar for dollar by a reprogramming request within the NFIP, or DOD may release the funds for other counterproliferation activities. A parallel provision for NFIP funding will be included in the Intelligence Authorization Act for Fiscal Year 1995, along with an amount of funds to be limited.

Central test and evaluation investment program

The budget request included \$115.318 million for the central test and evaluation program in PE 64940D.

The Senate bill would reduce the requested amount by \$15.0 million and recommend that the REDCAP-ACETEF real-time data link program continue to be funded within the authorized funds.

The House amendment would provide an additional \$3.5 million for the REDCAP-ACETEF real-time data link.

The House recedes.

Auth Conf, p. 616-619

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LEGISLATIVE PROVISIONS

LEGISLATIVE PROVISIONS ADOPTED

Molecular design material science (sec. 204)

The budget request contained no funds for molecular design material science (MDMS).

The Senate bill contained no funds for MDMS.

The House amendment would provide \$10.0 million in PE 61153N to continue the MDMS program.

The conferees agree to authorize \$10.0 million for MDMS in PE 61153N and recommend a provision that would continue the program.

Space launch programs (sec. 211)

The Senate bill contained a provision (sec. 213) that would transfer prior-year funds appropriated for single-stage-to-orbit (SSTO) rocket technology from the Department of Defense to the National Aeronautics and Space Administration (NASA), since the Secretary of Defense submitted a report recommending that NASA be assigned lead responsibility for developing reusable rocket technology. The Senate bill would authorize no funds for reusable rocket technology for fiscal year 1995 and would authorize a total of \$20.2 million for expendable rocket technology development.

The House amendment contained a provision (sec. 211) that would (1) establish DOD space launch policy; (2) require the Secretary of Defense to replace current launch systems, conduct flight tests by 1998 of reusable launch vehicles, and conduct flight tests of expendable launch vehicles; and (3) authorize \$200.0 million, equally divided, for reusable and expendable rocket technology demonstrations.

The Senate recedes with an amendment.

The conferees agree to (1) authorize no funds for the national launch system program; (2) authorize \$10.0 million in PE 62601F to continue concept development of simple, inexpensive expendable rocket systems that do not require complex turbo machinery; (3) transfer prior-year SSTO funds from the Advanced Research Projects Agency to the Air Force PE 63401F and note that these funds would not be for further development of the "Delta Clipper" vehicle built by BMDO; (4) authorize \$30.0 million for the Air Force in PE 63401F to initiate reusable rocket technology development efforts, with the stipulation that DOD obligations shall not exceed amounts made available by NASA for such efforts for fiscal year 1995; (5) authorize \$50.0 million for the Air Force in PE 35119F to initiate a competitive program to replace existing launch capabilities; and (6) limit the obligation of funds for both reusable and expendable rocket programs until coordinated DOD/NASA program plans are submitted to Congress.

The National Defense Authorization Act for Fiscal Year 1994 required the Administration to conduct another study of space launch capabilities, because Congress was unsatisfied by the space launch Bottom-Up Review, which concluded that acknowledged problems with current systems are not serious enough to warrant displacing other defense programs. The new study has resulted in the development of new national policy in this area. This policy assigns lead responsibility for reusable and expendable space launch vehicles to NASA and DOD, respectively. NASA has been instructed to determine by 1996 whether a reusable vehicle flight demonstration program is feasible and affordable, and by the end of the decade, whether a

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development program should be pursued. The Deputy Secretary of Defense is examining again whether a new launch initiative is warranted and affordable within the Department of Defense.

Accordingly, the conferees direct that the Department of Defense will not lead any government-financed reusable space vehicle flight demonstration or acquisition programs, at least until the Administration changes its policy. However, if the Department of Defense decides to conduct a competition to replace current DOD launch capabilities, and if DOD concludes that an industry proposal to build a reusable system to meet requirements is realistic, affordable and cost-effective, the conferees will consider a well-justified acquisition plan.

The conferees doubt that DOD can afford to finance any expensive space launch acquisition program. The conferees are aware of claims that the private sector is willing to finance all or most of a new capability. The conferees encourage DOD to explore such claims. However, the conferees expect that such proposals would require commitments from the government, which may entail substantial risk, and therefore require careful consideration by Congress and the Administration.

Auth Conf, p. 620-621

Standoff air-to-surface munitions technology demonstration (sec. 212)

The House amendment included a provision (sec. 212) that would require the Navy and the Air Force to spend up to \$2.0 million each to demonstrate non-developmental technology for adapter kits that would give munitions in the 1,000 pound class and smaller a standoff and near-precision guided capability. The provision would also require the Secretary of Defense to submit a report on the results of that demonstration.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would authorize up to \$2.0 million for the Air Force to conduct a demonstration as outlined in the House provision. This provision would require the Secretary of the Air Force to report on the demonstration's results.

Mid-infrared advanced chemical laser (sec. 213)

The House amendment contained a provision (sec. 213) that would prohibit the Secretary of Defense from carrying out a test of the mid-infrared advanced chemical laser (MIRACL) transmitter and associated optics against an object in space during 1994 unless such testing is specifically authorized in law.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would allow the sealite beam director to be utilized with a laser other than the MIRACL for satellite sensor calibration and imaging of space objects at a power level not to exceed that which has been utilized for these purposes as of January 1, 1994 at other Department of Defense laser facilities (including Kirtland Air Force Base, Maui Optical Facility, and the Firepond facility of the Lincoln Laboratory). The conferees reiterate their opposition to utilization of the MIRACL for damaging objects in space. This provision would continue to prevent MIRACL from illuminating any object in space.

Electronic combat testing (sec. 214)

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The House amendment contained a provision (sec. 214) that would amend section 220 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) by limiting the applicability of the section to electronic combat systems that have been designated as Acquisition Category I (ACAT 1) systems (major defense acquisition programs) because of their cost of development and acquisition.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would limit the applicability of the House provision to those systems that have not entered engineering and manufacturing development by September 1, 1994. The amendment would also authorize the Secretary of Defense to waive the provision when in the national security interest.

Advanced self protection jammer (ASPJ) program (sec. 215)

The House amendment contained a provision (sec. 215) that would direct the Secretary of the Navy to carry out logistics support, maintenance, and integration of existing advanced self protection jammer (ASPJ) systems in the F-14D aircraft for testing and evaluation.

The Senate bill contained no similar provision.

The Senate recedes. The conferees note that, without ASPJ or another currently unavailable system, F-14D aircraft will have to operate without self protection jamming. The conferees understand that the Director, Operational Test and Evaluation, intends to assess whether the Navy's plans for operational test and evaluation for the F-14D aircraft adequately test the ASPJ system's effectiveness and suitability for combat. The conferees agree that this assessment should be complete before the Navy conducts the operational testing. The conferees urge the Director to take the steps necessary to expedite his assessment of the Navy's plans.

Advanced lithography (sec. 216)

The budget request contained \$10.0 million in PE 63739E for advanced lithography.

The House amendment contained a provision (sec. 216) that would provide a statutory mandate for the ARPA advanced lithography program and authorize \$100.0 million for the program.

The Senate bill contained no similar provision, but would provide \$35.0 million for advanced lithography.

The Senate recedes with an amendment. Total funding for the ARPA lithography program would be authorized at \$60.0 million, and the SEMATECH Board of Directors would be strongly encouraged to spend at least \$10.0 million more to support lithography efforts consistent with the Semiconductor Industry Association 1994 development plan for lithography. The conferees urge the earliest possible appointment of the Semiconductor Technology Council and agree that an advanced lithography plan should be the principal focus of the Council's initial efforts.

Federally funded research and development centers (sec. 217)

The Senate bill contained a provision (sec. 216) that would require certain changes in DOD management of federally funded research and development centers (FFRDCs).

The House amendment contained a provision (sec. 217) that would allow FFRDCs to participate more fully in the defense conversion program.

The conferees note that federally funded research and development centers are privately-operated organizations sponsored by federal government agencies to work in all areas of basic or applied research. For several years, the conferees have expressed concern about the Defense Department's lack of

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control over management and funding of the FFRDCs. The conferees support the unique role that FFRDCs play in providing support to the Department of Defense that would be difficult to obtain through other means. The conferees are concerned, however, that as recipients of sole source funding from the Department of Defense, these centers may provide executive, technical, and professional compensation that may exceed the salaries and benefits of comparable government employees, or officers and employees of similar for-profit or non-profit organizations that must compete for defense work.

These concerns have been heightened recently by revelations of executive compensation that varies widely from FFRDC to FFRDC, housing and moving allowances not appropriate to federal institutions, and payments to trustees that do not appear to be justified. Further, the Congress has learned that some centers have contributed to charities, local governments, universities, and individuals. Such contributions are not usually reimbursed under federal contracts, and the conferees believe, not appropriate for sole source institutions to pay from fees.

Consequently the conferees agree to a provision that would limit executive salaries and trustee compensation, prohibit certain contributions to charities, and require the Secretary of Defense to study the need for FFRDCs and the compensation levels of FFRDC executives.

The conferees agree to limit the funding for FFRDCs for fiscal year 1995 to \$1.3 billion, a reduction of \$52.650 million from the requested amount. The conferees also agree to the House provision that would authorize certain FFRDCs to respond and participate in solicitations and announcements under programs authorized by the federal government for the purpose of promoting the development and transfer of dual-use technology to the U.S. industrial sector.

Auth Conf, p. 621-624

Kinetic energy antisatellite program (sec. 220)

The Senate bill contained a provision (sec. 211) that would make \$10.0 million available for engineering development of the critical antisatellite technologies from funds authorized in fiscal year 1995. The provision would also direct the Secretary to utilize unobligated fiscal year 1993 and 1994 funds for this program.

The House amendment contained no similar provision.

The House recedes with an amendment that would make \$5.0 million available from funds authorized in fiscal year 1995, in addition to unobligated fiscal year 1993 and 1994 funds, to continue critical development work.

Limitation on dismantlement of ICBMs (sec. 221)

The Senate bill contained a provision (sec. 214) that would prohibit the dismantlement of any ICBM that would reduce the total number of deployed Minuteman III ICBMs to less than 500 missiles. The prohibition would expire 180 days after the Secretary of Defense delivers to the congressional defense committees the results of the Secretary's ongoing Nuclear Posture Review.

The House amendment contained no similar provision.

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The House recedes.

Seismic monitoring research (sec. 222)

The Senate bill contained a provision (sec. 215) that would limit the obligation of funds for seismic monitoring research projects unless the projects are authorized in a plan which has been approved by the Secretary of Defense and the Secretary of Energy.

The House amendment did not contain a similar provision.

The House recedes with an amendment that would limit the obligation of funds for seismic monitoring projects which are not contained in the annual plan approved by the Presidential review group established by Presidential Decision Directive 18.

The conferees are concerned that the Defense Department's future seismic monitoring plan calls for the expenditure of hundreds of millions of dollars through the end of the century without sufficient consideration for the affordability of such an undertaking without coordinated cost-sharing agreements between U.S. government agencies and departments and without agreements on international burdensharing. The Department has not provided detailed cost estimates of the U.S. share, or that of other countries, in support of a Comprehensive Test Ban Treaty (CTBT) verification. Further, it appears that the Department has been directed to fund the majority of seismic monitoring activities of the National Science Foundation (NSF) and the U.S. Geological Survey (USGS) under the Department of Interior, in addition to providing full funding for these activities for the Air Force Technical Applications Center (AFTAC).

The conferees direct the Secretary of Defense, in coordination with the Presidential review group, to provide a report to the congressional defense committees by May 1, 1995 on the total funding required and programmed for verification of a CTBT; the amount of total funding which will be cost-shared among departments and by other nations; and the funding and technical role that private seismic arrays and stations are intended to play in verification of a CTBT.

Auth Conf, p. 625-626

Military satellite communications (sec. 224)

The Senate bill contained a provision (sec. 212) that would direct the Secretary of Defense to transfer responsibility for program management and funding for the Milstar communications satellite program from the Air Force to the Navy during fiscal year 1995.

The House amendment contained no similar provision.

The Senate recedes.

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The Deputy Secretary of Defense is currently reviewing the management of DOD space programs and has assured the conferees that he intends to fundamentally reorganize it. Therefore, the conferees agree to withhold judgment on management of the Milstar program. The conferees stress the importance of improving policy oversight, avoiding the creation of a new large bureaucracy, maintaining a joint requirements process, and maintaining space program expertise within each of the services. The conferees direct the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, to submit a report to the congressional defense committees immediately upon completion of the review. The report should fully explain all the options considered, the rationale for the option selected, and the relationship between the Secretary's proposal and the deliberations of the Commission on Roles and Missions.

The House amendment contained a provision (sec. 234) that would direct the Secretary of Defense to develop a military communications master plan that addresses the projected military communications requirements of the Department of Defense; alternate and innovative ways of meeting those requirements (including greater reliance on the commercial sector); and ways to ensure that those elements of the Department that create the demand for such communications services have an important role in paying for the provision of such services. The provision would also prohibit obligation of \$50.0 million in Milstar funding until this report is transmitted to Congress.

The Senate bill contained no similar provision.

The Senate recedes with an amendment. The conferees agree to a provision that would authorize the Secretary of Defense to use \$20.0 million of Milstar funds either for advance procurement of Milstar satellites 5 and 6 or to accelerate the advanced EHF satellite program, as determined by the Secretary of Defense.

The provision also would require the Secretary of Defense to develop a satellite communications master plan that addresses requirements and innovative ways to meet them. The provision also would require the Secretary to explore options for establishing financial incentives to ensure that communications users do not inflate requirements for which they do not have to pay.

The conferees also direct the Secretary to include in the report an assessment of a number of issues raised by the General Accounting Office (GAO) and the Senate report (S. Rept. 103-282).

A recent GAO report, "Military Satellite Communications," noted that, since Congress directed greater use of commercial satellite communications for general-purpose, unprotected communications, DOD components have drastically redefined their requirements. According to GAO, requirements for total satellite communications have almost doubled, while the proportion defined as "protected" has grown by a factor of 10. GAO notes that this shift could have occurred because protected communications, provided by dedicated military satellites, are "free" to users, whereas unprotected communications, which can be met through commercial purchases, are charged to users' operation and maintenance budgets. GAO also points out that DOD elements procure most commercial satellite communications on an ad hoc basis; the Defense Commercial Communications Office has no knowledge or control over the process. GAO believes that more central control would save substantial money.

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With regard to dedicated military satellite systems, as noted in the Senate report, each has been managed separately in the past, which drives up costs and limits interoperability. All of the current systems will have to be replaced within about 10 years. The Secretary should examine options to consolidate the follow-on programs.

The conferees believe that a sustainable solution to these problems requires a fundamental change in the Department's management of satellite communications services.

The conferees believe that the Department should plan to transition to Milstar III as soon as it is practical. To this end, the conferees believe that the advanced EHF program should be structured as a technology demonstration program that relies as much as possible on the private sector. The technologies demonstrated should be directly related to the areas of greatest technical risk, particularly the antenna suite and the digital electronics processing and packaging. The conferees do not believe that any funding at this stage should be allocated to lower-risk areas such as propulsion, solar panels, or the bus structure for the payload.

Ballistic missile defense programs (secs. 231, 233, and 235)

The Senate bill contained four provisions (secs. 221-224) that would deal with ballistic missile defense issues.

The House amendment also contained four provisions (secs. 221 and 231-233) that would cover similar or related issues.

The Senate report (S. Rept. 103-282) and House report (H. Rept. 103-449) also provided extensive guidance on ballistic missile defense (BMD) issues to the Ballistic Missile Defense Organization (BMDO).

The conferees explain in the following subsections their: broad policy guidance for ballistic missile defense research, development, testing, and deployment; concerns regarding the BMDO funding proposal for fiscal year 1995 and underlying long-term plans; resolution of those concerns; decisions and recommendations on programmatic and funding issues; and additional guidance on specific matters. Specific legislative provisions contained in this conference report will be discussed in the context of this guidance.

BROAD POLICY GUIDANCE

The conferees reiterate the broad policy guidance contained in the statements of the managers (H. Rept. 103-357 and H. Rept. 102-311) accompanying the National Defense Authorization Act for Fiscal Year 1994 and the Missile Defense Act of 1991 (10 U.S.C. 2431 note).

The conferees reaffirm that their highest priority for BMDO is the rapid development and early deployment of more effective theater missile defenses (TMD) designed to meet both existing and realistic near-term threats. In general, the conferees believe that an effective TMD capability will require a layered defense approach, using multiple systems.

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In this regard, the conferees are troubled by the BMDO approach to the three follow-on TMD systems-Navy upper tier, CORPS SAM, and boost phase intercept (BPI). BMDO has structured these programs so that overall BMD funding in future years would be insufficient to support engineering and manufacturing development (EMD) for more than one of these TMD systems. Therefore, in its budget request, BMDO arbitrarily limited funding for the first two candidates, while it expanded funding for a variety of less mature BPI concepts. This funding strategy is designed to position all three candidate systems for a selection "contest" during fiscal year 1998, from which only one candidate would be selected for further development. In this area, the conferees find the BMDO strategy and funding assumptions to be flawed. In the judgment of the conferees, this approach has contributed to significantly expanded technical risk within BPI programs.

The conferees believe valid military requirements exist for each of the three follow-on TMD systems, and do not believe the natural pace of development should be either artificially delayed or unduly accelerated. The conferees further believe that a larger share of the overall BMD funding called for in the Bottom-Up Review (BUR) than BMDO apparently plans to allocate to TMD systems can be squeezed from lower priority BMDO activities in order to accelerate the development for deployment of the next generation of TMD systems.

In the statement of the managers accompanying the National Defense Authorization Act for Fiscal Year 1994, the conferees endorsed as second in priority the development of a "hedging" strategy for national missile defenses (NMD), to ensure the availability of proven, flight-tested hardware should a missile threat to the United States arise more rapidly than is currently forecast. The conferees emphasized the importance of reduced lead-times for deployment of a very limited, prototypical, defense capability on very short notice against a quantitatively limited, long-range "rogue" missile threat. In the budget request for fiscal year 1995, BMDO has proposed a series of development "epochs" for NMD hardware. Each "epoch" would emphasize further development, refinement, and cost-reduction of component technologies for NMD systems, but the BMDO proposal contains few system-level or "end-to-end" flight-test intercept demonstrations over the next several years and none during fiscal year 1995. In addition, BMDO delayed for one year the initiation of flight tests of exoatmospheric kinetic kill vehicle prototypes-a key element of an NMD system-in order to complete fabrication and launch of the midcourse space experiment. The conferees find the BMDO approach inadequate to ensure the availability of proven hardware should an unanticipated strategic missile threat emerge.

Last year the conferees agreed that BMDO should focus more funding and management attention on these higher priorities, deemphasize generic, technology-base R&D, and transfer far-term technologies back to the services and defense agencies. The conferees were disappointed that the BMDO budget proposal still devoted more than 25 percent of BMD funding to lower-priority activities. As noted above, the conferees intend to vigorously support the development of selected follow-on TMD systems, and believe this can only be done if the level of effort and funding for lower-priority programs, projects, and activities is reduced.

CONFEEER CONCERNS

NAVY LOWER TIER

The conferees note a major disparity in the Department's approach to the top priority mission of theater ballistic missile defense. Specifically, in the last year, the Department made an important decision concerning the type of warhead to be used in the Patriot PAC-3 defense system. This decision appears to undercut the Department's technical approach to the Navy's lower tier missile defense system and requires a more careful review of its priorities in theater missile defense.

The Department's senior multi-service PAC-3 review group stated unanimously "that the higher quality of protection provided by . . . hit-to-kill lethality, particularly against chemicals submunitions and nuclear weapons . . . could provide a decisive military advantage." Further, the Department chartered an independent review group to review the Army's choice. That group upheld the Army's findings. In affirming the independent review group's

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findings, the Department said that "hit-to-kill lethality is fundamentally superior against theater ballistic missiles (TBMs) with mass destruction warheads during critical phases of military operations." It termed the candidate lacking a hit-to-kill warhead ". . . relatively ineffective against such threats." More recently, the Army has stated ". . . that U.S. forces would suffer too many casualties to theater ballistic missile attack as a consequence" of selecting a blast-fragmentation warhead. If there were only a blast-fragmentation warhead interceptor available and no hit-to-kill interceptor-which is the case for Navy lower tier-the Army "would seek a different solution" rather than accept the interceptor with a blast-fragmentation warhead.

The Department could hardly be more explicit about the superior lethality of hit-to-kill technology in theater missile defense. However, the conferees note that the planned Navy lower tier interceptor missile, the Standard missile block IV-A, does not use a hit-to-kill warhead. Instead, it uses the same class of warhead that was so emphatically rejected in the PAC-3 competition. The Navy's initial response to this issue was that its lower tier interceptor must also be effective in defending ships from sea-skimming cruise missile attack, against which the blast-fragmentation warhead would be effective. Yet BMDO presentations to Congress this year on the Navy lower tier made no mention of this mission. Later responses emphasized the ability of the block IV-A to cope with non-submunition (unitary) TMD threats, minimized the significance of submunition threats, and remained silent about nuclear threats.

The conferees agree with and support the Department's rationale for the selection of ERINT and its hit-to-kill warhead for the PAC-3 system. However, the conferees are concerned about this fundamental contradiction in lethality approaches between the Patriot PAC-3 and the Navy lower tier system. Accordingly, the conferees are concerned that the Navy lower tier will be unable to provide adequate protection to amphibious landing areas or ports of debarkation against "ballistic missile attacks involving weapons of mass destruction"-the Department's own words for its reasons for designating it as a core TMD program. The conferees acknowledge that the Navy faces a large and growing threat from sea-skimming, anti-ship cruise missiles. The conferees also accept the Navy's judgment that the blast-fragmentation warhead planned for the Navy lower tier system offers superior lethality against that threat. The conferees note, however, that the Navy is developing a number of existing systems and programs that address the cruise missile threat to ships. The conferees further note that, for many short-warning scenarios, the Navy lower tier system may be the only TMD system available to defend U.S. forces in landing zones and ports from the growing theater ballistic missile threat. In these circumstances, the conferees require further assurances that the Navy lower tier system, by itself, can adequately protect U.S. troops going ashore until those troops can set up and make operable additional land-based TMD defenses. The conferees are unable to determine from information provided by the Department whether the proposed Navy lower tier configuration would adequately protect against the most stressing chemical submunition and nuclear warhead threats. This concern extends to the cooperative U.S.-Israeli ARROW/ACES program, which also relies on a blast-fragmentation warhead.

Some have suggested that the Standard block IV-A interceptor could be upgraded to embody hit-to-kill capability. The conferees are mindful that the Department concluded that "there were no reasonable upgrades" to the losing missile in the PAC-3 competition "that would substantially improve its performance against weapons of mass destruction."

Other options could possibly fill the requirement, though all have uncertainties. A marinized version of ERINT or the theater high altitude area defense (THAAD) system might be possible. Moreover, accelerating the CORPS SAM program might enable expeditionary forces to take their missile defense with them as they disembarked. If Patriot PAC-3 units could be prepositioned on LHDs or other appropriate ships, protection could be established on land within a matter of hours after arrival. Other options include pre-deploying PAC-3 systems to areas of possible engagement in advance of hostilities, and restricting initial landings to regions beyond the range of hostile TBMs.

The conferees have additional concerns related to this issue that are discussed in the classified annex to this statement of the managers.

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NAVY UPPER TIER

Concerns about Navy lower tier warhead lethality affect other major TMD programs. The conferees note that a significant fraction of Navy lower tier funding supports Navy upper tier development. The current Navy upper tier program does involve hit-to-kill technology, but the LEAP vehicle is incompatible with the lower tier mission. The conferees recognize that the combination of Navy lower tier and Navy upper tier may be the lowest-cost combination for sea-based TBM systems; however, they recognize it may also be the least effective. If the Navy lower tier program were to be delayed by the search for greater lethality, or canceled in favor of other options, the program cost of the Navy upper tier would increase. The Navy upper tier program is also affected by the Administration's recent proposals in the Standing Consultative Commission to clarify the ABM Treaty. Under the proposed three kilometer per second interceptor velocity limit, the performance of the Standard missile equipped with a LEAP kill vehicle may be reduced to a point at which its cost and effectiveness relative to a marinized version of THAAD would require re-examination. Both factors suggest the need for prompt and thorough re-evaluation of the cost and effectiveness of the Navy upper tier program.

FOLLOW-ON TMD SYSTEMS

BMDO is pursuing three follow-on TMD programs that address different aspects of the theater missile threat: the Army's CORPS SAM; the Navy's upper tier; and the Air Force's boost phase intercept (BPI) programs. BMDO is seeking to bring all three programs to an EMD decision in 1998. Given the lack of technological maturity of BPI, the BMDO budget request would constrain funding for both CORPS SAM and Navy upper tier and allocate greater funding for BPI than is warranted by a development program of low-to-medium technical risk-the standard the conferees have traditionally applied.

PATRIOT PAC-3 RISK REDUCTION

The conferees strongly support the PAC-3 program, and believe that adequate risk-reduction funds should be made available to hedge against possible technical difficulties during the EMD phase of the program. In the conferees' view, adequate development funding for the ERINT interceptor that was selected for PAC-3 should be provided, and, as resources permit, funds for further development of selected technologies from the multi-mode missile should also be provided as a hedge against technical problems with comparable ERINT technologies. Given the priority they attach to the Patriot PAC-3 program, the conferees accept the need for both kinds of risk-reduction efforts.

OTHER BOOST-PHASE TECHNOLOGIES

In addition to the BPI program contained in the BMDO follow-on TMD category, funds for three boost-phase intercept concepts were also included in the budget request; the BMDO space-based laser program; the Air Force airborne laser program; and the Air Force air-launched kinetic-kill boost-phase interceptors. Funds requested for these four concepts exceeded \$210.0 million. The congressional defense committees have all concluded that this level of funding is unsupportable. Clearly, the number of BPI approaches vying for scarce funds must be reduced so that significant progress can be made on one or two realistic concepts.

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CONFEREES ACTIONS TO RESOLVE CONCERNS

NATIONAL MISSILE DEFENSE

The conferees agree to recommend \$400 million for the NMD program. The conferees emphasize the importance of demonstrating, on an accelerated basis, the potential effectiveness of a national missile defense system through realistic flight testing. In this regard, the conferees endorse the guidance contained in the Senate report (S. Rept. 103-282) that: "The objective [for the NMD program] should be to develop and test, as rapidly as available NMD funding will permit, a limited, 'UOES-type' capability using existing flight-qualified hardware, even though such hardware may not incorporate the latest 'state of the art' technology." The conferees direct the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, to review the fiscal year 1996 and Future Years Defense Program (FYDP) funding and programmatic content of the BMDO NMD technology readiness program, and to make any changes necessary to ensure BMDO compliance with this guidance.

The conferees also direct the Secretary, in consultation with the Chairman, to study the BMDO plans for fielding a limited "UOES-type" NMD capability against a variety of postulated threats. Within the overall BUR funding guidance to NMD in fiscal year 1996 and throughout the FYDP, the study shall consider those programmatic changes and reallocations of funds among NMD projects within the BMDO NMD technology readiness program that would minimize the lead-time to field an adequate defense of the United States against a quantitatively limited missile threat that could emerge at the end of the years 2000, 2005, and 2010, respectively. For the purpose of the study, the Secretary shall assume that the United States would receive reliable warning of a rogue missile threat three years in advance of each date mentioned, and that appropriate budgetary adjustments to respond to the threat would be made once reliable warning had been received. For each such threat date and set of assumptions, the Secretary shall estimate the date by which effective defenses of (a) the continental United States and (b) all 50 states against a limited strategic threat could achieve a limited operating capability. The report, in both classified and unclassified forms, shall be provided to the congressional defense committees not later than March 1, 1995.

THEATER MISSILE DEFENSE

The conferees further agree to provide substantial funding for the highest priority TMD programs. The conferees, however, also agree to restrict the obligation of portions of those funds until a number of additional analyses are prepared and delivered to the congressional defense committees, and until the committees receive additional assurances that these funds are required.

NAVY LOWER TIER

For the Navy lower tier system, the conferees agree to recommend \$140.0 million, a reduction of \$39.5 million from the requested amount. In addition, the conferees direct that only \$100.0 million be available for obligation until all of the following conditions have been met:

- (1) an analysis of the lethality of the Navy lower tier blast-fragmentation warhead against the full threat spectrum used by the Army in the analysis of the two competing Patriot PAC-3 warheads has been conducted and the results reported to the congressional defense committees;
- (2) an analysis of the lethality of a notional CORPS SAM system based on ERINT- and GBR-T-type hardware against the same threat spectrum and under the same ground rules as (1) above has been conducted, and the results have been provided to the congressional defense committees;
- (3) an analysis of the feasibility of employing either CORPS SAM or Patriot PAC-3 fire units, in lieu of the Navy lower tier system, for defense of amphibious landing zones and ports of debarkation, has been conducted and the results provided to the congressional defense committees.

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The analysis should evaluate the feasibility of both early deployment to shore from task force ships and operation of such units from the deck of selected task force vessels, and should be conducted against the same threat spectrum and under the same ground rules as described in (1) above.

(4) an analysis of the most cost-effective replacement system or systems for ship self-defense against the low-observable, sea-skimming cruise missile threat, under the assumption that the Navy lower tier system was terminated at the end of fiscal year 1995, has been conducted, and the results have been provided to the congressional defense committees;

(5) after review of the above analyses, the Chairman of the Joint Chiefs of Staff certifies in writing to the congressional defense committees that, in combination with other available TMD systems, the lethality of the planned Navy lower tier warhead provides an acceptable level of protection from the threat of chemical weapons submunitions for U.S. troops both at ports of debarkation and in amphibious landing operations prior to the deployment, setup, and operation of land-based TMD systems; and

(6) after review of the above analyses, the Secretary of Defense certifies in writing to the congressional defense committees that proceeding with the planned Navy lower tier system is a cost-effective use of limited BMDO resources.

NAVY UPPER TIER

For the Navy upper tier program, the conferees agree to recommend \$50.0 million. Of this amount, \$10.0 million may not be obligated until all of the following conditions have been met:

(1) an updated funding profile and schedule is provided to the congressional defense committees setting forth the cost and schedule for development and deployment of the planned Navy upper tier system if changes were made to the scope and schedule of the Navy lower tier system;

(2) an analysis of the cost-effectiveness of the planned Navy upper tier system (LEAP) relative to a marinized version of the THAAD interceptor missile has been conducted and the results have been provided to the congressional defense committees. The analysis shall be conducted under the following assumptions: (a) that the Navy lower tier program is, in one instance, canceled at the end of fiscal year 1995, and, in a second instance, is continued; (b) that the Army's THAAD program is fully funded through EMD; and (c) that the maximum velocity of a sea-based TMD interceptor is, in one instance, limited to three kilometers per second and, in a second instance, is unconstrained; and

(3) the report on the compliance of the Navy upper tier system has been delivered.

INDEPENDENT REVIEW

The conferees further direct the Secretary of Defense to reconstitute the independent review group originally established to review the Army's selection process for the Patriot PAC-3 interceptor missile decision (or to establish a similar group under the auspices of the Defense Science Board). This independent review group shall thoroughly review the lethality analysis required by item (1) of the "Navy lower tier" subsection above and the lethality analysis required in the "ARROW/ACES" subsection below. The results of their reviews, and their conclusions regarding the comparability of the analyses performed by the Department with the PAC-3 decision analysis, shall be provided to the congressional defense committees not later than 60 days after the Department completes the required lethality studies.

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PATRIOT PAC-3 AND "RISK-REDUCTION"

The conferees recommend no funding for the two requested "demonstration/validation" (dem/val) activities labelled "ERINT," for which the requested amount was \$58.5 million, and "Patriot," for which the requested amount was \$69.2 million.

As a general matter, the conferees agree that "risk-reduction" activities should be focused on the selected system, preferably by providing adequate development funds, rather than through the creation of special "risk-reduction" funds. Therefore, the conferees agree to recommend a total of \$284.7 million for Patriot PAC-3 EMD, including the transfer of \$69.2 million in dem/val funds labelled "Patriot" to the EMD line. None of these funds may be used for "risk-reduction" activities in connection with multi-mode missile (MMM) technologies.

The conferees recognize the advantage of investing in backups for particularly critical or risky ERINT technologies or components, if such funds can be reallocated from lower-priority programs. The conferees further agree to that, as a general matter, such risk-reduction activities should be reviewed annually, and the funding level should be based on the successful candidate's rate of technical progress.

The conferees were given a DOD "Information Paper" dated May 18, 1994, regarding the Defense Department's proposed three-year, \$84.8 million risk-reduction activity. That "Information Paper" recommended utilization of the requested \$58.5 million for "ERINT" dem/val for risk mitigation for selected technologies from both the MMM and the ERINT missiles. The conferees agree to recommend the transfer of the \$58.5 million requested under the "ERINT" dem/val account to a new line entitled "Patriot PAC-3 risk-reduction." This amount is only available for further research and development activities on selected MMM and ERINT technologies. The conferees direct that all funds allocated for risk-reduction on MMM technologies may only be obligated for technologies that are transferrable to the ERINT missile, in the event of technical difficulties with critical ERINT technologies. The conferees further direct that none of these risk-reduction funds be used for additional flight testing of the MMM interceptor missile during fiscal year 1995.

The conferees were informally notified at a late stage of the conference that DOD is contemplating a significantly larger risk-reduction effort than is contained in the May 18, 1994 "Information Paper," one on the order of \$180.0 million. Neither funding details nor any rationale for such a significant increase in the need for risk-reduction was provided. The conferees agree that the relevant committees of jurisdiction should carefully review any such formal DOD risk-reduction proposal in the context of their consideration of the fiscal year 1996 defense budget request, and recommend that, if DOD deems the risk-reduction fund authorized above inadequate, it should submit a prior-approval reprogramming request during fiscal year 1995.

Boost Phase Intercept Programs

The requested amounts for BPI programs in both BMDO and the Air Force totalled \$210.6 million. Both the Senate bill and the House amendment would provide substantial funding for all BPI programs. The conferees are disappointed that both the Senate and the House defense appropriations bills have sharply restricted funding for BPI programs to \$90.0 million or less. Given this constraint, the conferees recommend \$30.0 million within the BMDO budget for high-power laser research. These funds may only be used to complete the integration of the Alpha laser, LAMP optics, and LODE beam control in such a way as to maximize the utility of the results for tactical applications of chemical lasers. The conferees also direct that the funds may not be used to initiate or carry out any work on the shield integration facility or any spacecraft-related activity. The conferees intend that the space-based portion of the chemical laser program end upon completion of the Alpha LAMP integration.

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Of the remaining funds for BPI programs within the appropriations ceilings, the conferees recommend \$20.0 million for the Air Force's airborne laser program, and \$40.0 million for the BMDO boost phase intercept program. No funds are recommended for the boost phase intercept program contained within the Air Force's "theater missile defense" program element.

The conferees are disappointed with the Defense Department's overall effort to manage high-power laser research for tactical applications. The high-power laser guidance report, submitted by the Department in June 1994, does not outline an integrated departmental program for tactical application of high-power lasers. The conferees are concerned that this technology base is slowly withering away outside the Air Force, the one service providing significant support. The conferees, therefore, direct that the high-power laser program guidance be updated by March 31, 1995, with a view toward sustaining a technology base in high-power lasers for Army, Navy, and Air Force tactical applications. The conferees expect an integrated DOD high-power laser program to be reflected in the fiscal year 1996 request for the DOD science and technology base.

PROCUREMENT

The conferees recommend fully funding the \$273.4 million request for procurement.

ADDITIONAL GUIDANCE

FUNDING RECOMMENDATIONS AND BUDGETARY DATA

The conferees agree to establish a set of distinct program elements for BMDO activities. The conferees' complete recommendation for BMDO funding is contained in the table that follows this discussion, for each program element and for selected programs, projects, and activities within certain program elements. The conferees intend that each program element shown shall be a separate line item, and that these titles shall be used to account for all funds for each such item, whether BMDO attributes the funds to exploratory development, demonstration/validation, EMD, or procurement. Since support activities like test and evaluation were not broken out by projects, the conferees direct that, for fiscal year 1995, the funds for the major TMD system program elements be used to carry out the planned research and development activities presented in budget documents and testimony, and that support for items like test and evaluation activities specifically for those programs be funded from the "other TMD activities" program element. Beginning in fiscal year 1996, to the extent possible, test and evaluation funds and other direct supporting activities associated with specific TMD systems should be requested as a project or task within the appropriate program element. The committee expects transfers among the designated program elements to be accomplished through customary prior-approval reprogramming procedures only. The conferees are determined to require BMDO to present budgetary data in an easy-to-comprehend form, allowing the activities comprising major programs and their costs to be readily identifiable. The conferees note that the current submission contains multiple program elements using the same names and that the NMD funding request is commingled in a program element with funds requested for other purposes. That is a totally unacceptable presentation.

ARROW/ACES

Within the "other TMD activities" program element, the conferees recommend \$52.4 million for the joint U.S.-Israel ARROW/ACES program, which is the requested amount. The conferees note, however, that the concerns they have expressed regarding the questionable lethality of blast-fragmentation warheads against nuclear warheads and warheads containing chemical weapons submunitions apply even more directly to the

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ARROW/ACES program than to the Navy lower tier program. The conferees therefore direct BMDO to analyze the lethality of the planned ARROW/ACES warhead against the same threat spectrum and under the same ground rules as were used in the PAC-3 selection and are required to be used in conducting other analyses above. The results of this analysis shall be provided to the congressional defense committees not later than March 31, 1995.

MANAGEMENT SUPPORT

The conferees agree to recommend \$170.0 million for the management support activity, a reduction of \$50.2 million from the requested amount. The conferees note that in fiscal year 1993, BMDO provided oversight of a \$3.7 billion SDIO budget of substantially greater diversity than the present program with a program management budget of \$218.3 million. The total funding recommended herein for BMDO for fiscal year 1995 is \$2.8 billion, or just over 75 percent of the fiscal year 1993 budget in nominal dollars. Yet BMDO requested virtually the same program management budget as in fiscal year 1993. A budget of \$170.0 million for program management is in proportion to the decline in overall BMDO funding levels.

The conferees further direct that, in apportioning this program management budget, BMDO management apportion the reductions in rough proportion to the funding changes within the major program categories. Reductions need to be taken at all levels, including reductions in management layers and overhead.

COMPLIANCE REVIEWS

The conferees agree to a provision that would require compliance reviews for both the Brilliant Eyes program and the Navy upper tier program. Guidance for the Brilliant Eyes review is contained in the Senate report (S. Rept. 103-282); for the Navy upper tier program, the conferees require a review of the compliance of the LEAP configuration both as currently planned, and if the kick-stage motor were restricted to limit LEAP velocity to three kilometers per second.

CHANGES TO THE MISSILE DEFENSE ACT OF 1991

The conferees agree to a provision that would further streamline the Missile Defense Act of 1991, as amended.

FLIGHT TESTING OF THAAD INTERCEPTOR MISSILES DURING FISCAL YEAR 1995

The Senate report (S. Rept. 103-282) contained a section entitled "Compliance of THAAD Flight Testing During Fiscal Year 1995." The conferees endorse the views expressed in that section.

Auth Conf, p. 626-638

Senate advice and consent on agreements that modify the Anti-Ballistic Missile Treaty (sec. 232)

The Senate bill included a provision (sec. 225) that would require the President to submit any negotiated changes that would substantively modify the Anti-Ballistic Missile Treaty to the Senate. The United States would not be bound by any international agreement negotiated by the President that substantively modified the Anti-Ballistic Missile Treaty unless the agreement was presented to the Senate for its advice and consent to ratification of the agreement, pursuant to the Constitution.

The House amendment contained no similar provision.

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The House recedes. The conferees note that there is a wide range of views in the Senate on what might constitute a "substantive modification" to the ABM Treaty which would trigger a requirement to submit the agreement to the Senate for further advice and consent. Since 1972, the ABM Treaty has been clarified or modified on a number of occasions without the Executive Branch submitting the changes to the Senate for its advice and consent. These clarifications or changes, negotiated in the Standing Consultative Commission (SCC) and not submitted to the Senate for its advice and consent, have taken the form of agreement statements.

The conferees believe that the Executive Branch should consult with the Senate on any new agreements reached in the SCC or elsewhere concerning the ABM Treaty to carefully determine whether these new agreements meet the definition of a "substantive modification" to the Treaty, and are required to be submitted to the Senate for advice and consent under Article II of the U.S. Constitution.

Limitation on flight tests of certain target missiles (sec. 234)

The House amendment contained a provision (sec. 235) that would limit certain missiles tests.

The Senate bill contained no similar provision.

The Senate recedes with an amendment.

Auth Conf, p. 640

Study regarding live-fire survivability testing of F-22 aircraft (sec. 254)

The Senate bill contained a provision (sec. 246) that would direct the Secretary of Defense to request the National Research Council of the National Academy of Sciences to study the desirability of waiving the live-fire survivability testing requirements for the •F-22 aircraft.

The House amendment contained no similar provision.

The House recedes.

University research initiatives (secs. 255 and 257)

The Senate bill contained a provision (sec. 249) that would provide \$10.0 million for the university research support program and \$10.0 million for the defense experimental program to stimulate research (DEPSCOR). The provision would limit DEPSCOR awards to states that have received less than 50 percent of the national average investment of federal funds for higher education during the past fiscal year.

The House amendment contained a provision (sec. 218) that would provide \$20.0 million for DEPSCOR, establish DEPSCOR in law, and describe the goals of the program.

The House recedes with an amendment that would allow states that have received less than 60 percent of the national average investment of federal funds for higher education during the past fiscal year to receive DEPSCOR awards.

Manufacturing technology (sec. 256)

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The budget request contained \$97.1 million for the manufacturing science and technology program in the defense agencies' account and \$20.2 million for the industrial preparedness program in the Navy research and development account.

The Senate bill would provide \$125.0 for the manufacturing science and technology program in the following amounts: \$30.0 million for the Army; \$50.0 million for the Air Force; \$35.0 million for the Navy; and \$10.0 million for the Defense Logistics Agency (DLA). The Senate bill would also provide \$20.2 million for the Navy industrial preparedness program.

The House amendment would provide \$117.1 million in the defense agencies account and \$40.5 million for the Navy industrial preparedness program.

The conferees note that the military services have different approaches to manufacturing technology. The Army and Air Force conduct their programs through contracts with industry, while the Navy uses a mixture of contracts with industry and centers of excellence. In recognition of these differences, the conferees recommend authorizations in two separate programs.

The first program is the manufacturing science and technology program, for which the conferees recommend \$109.4 million. The conferees agree that this program should be aimed at the manufacturing technology needs of the military departments. The conferees recommend a provision that would require all awards under this program to be made on the basis of competition and all awards involving dual-use technology to be cost-shared. The conferees note the importance of repair technology programs and urge the services to include repair technology programs in their manufacturing technology competitions. The conferees encourage the Army to consider supporting a medical manufacturing technology program for medical needs related to service in the military. The conferees also recognize the need for manufacturing technology in the apparel and microelectronic emulation programs of the Defense Logistics Agency, and commend these and others efforts described in the House report (H. Rept. 103-499).

The conferees recommend the following authorizations: \$29.4 million for the Army in PE 78045A; \$50.0 million for the Air Force in PE 78011F; \$20.0 million for the Navy in PE 65872N; and \$10.0 million for DLA in PE 63705D.

The second program is the Navy industrial preparedness program, for which the conferees recommend \$45.2 million. The conferees intend this second program to be separate from the manufacturing science and technology program for the specific purpose of authorizing the Navy centers of excellence.

Auth Conf, p. 641-2

LEGISLATIVE PROVISIONS NOT ADOPTED

High-resolution imaging

The Senate bill contained a provision (sec. 204) that would authorize \$10.0 million in Air Force RDT&E funds for high-resolution imaging of space objects using excimer lasers.

The House amendment contained no similar provision.

The Senate recedes from the statutory provision. The conferees would include \$10.0 million in PE 63605F to continue the excimer laser high-resolution imaging program.

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Limitation on obligation of ballistic missile defense funds

The Senate bill contained a provision (sec. 223) that would restrict the obligation of any fiscal year 1995 funds for ballistic missile defenses until certain overdue reports are provided to the congressional defense committees.

The House amendment contained no similar provision.

The Senate recedes because the reports in question have now been delivered.

Management and budget responsibility for space-based chemical laser program

The Senate bill contained a provision (sec. 224) that would provide guidance regarding the space-based chemical laser program.

The House amendment contained no similar provision.

The Senate recedes.

Study on beaming high-power laser energy to satellites

The Senate bill contained a provision (sec. 250) that would require the Secretary of Defense and the Administrator of NASA to study the cost, feasibility, and advisability (including arms control and environmental considerations) of developing a system to deliver energy to satellites by beaming high-power laser energy from ground sources.

The House amendment contained no similar provision.

The Senate recedes. The conferees direct the Secretary of Defense, in consultation with the Administrator of NASA, to carry out a study to determine the cost, feasibility, and advisability of the development and utilization of a system to deliver energy to satellites by beaming high-power laser energy from ground sources. The Secretary shall take into account the impact of such a system on the environment and the effect, if any, of the development and utilization of such a system on the arms control efforts or obligations of the United States. In carrying out the study, the Secretary shall consider the option of the development of a space energy laser (SELENE) system using a free electron laser at the Naval Air Weapons Station, China Lake, California. The Secretary shall submit the study to the congressional defense committees by July 1, 1995.

Auth Conf, p. 642-643

Missile early warning and tracking

The budget request contained:

(1) \$150.0 million for development of the alert, locate, and report missiles (ALARM) early warning satellite, the follow-on to the defense support program (DSP) system. Of this amount, \$31.0 million was requested for a technology demonstration program;

(2) \$120.0 million within the Ballistic Missile Defense Organization for development and demonstration of Brilliant Eyes (BE); and

(3) \$76.4 million for further development of DSP, including new ground processing capabilities.

The Senate bill would deny funding for the ALARM technology demonstration. It would also transfer the BE program to the Air Force, and allow the Secretary of Defense to use the funds to correct technical intelligence and warning shortfalls, accelerate ALARM, continue a BE program focused on theater defense, or continue DSP procurement.

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The House amendment contained a provision (sec. 141) that would provide \$300.0 million for ballistic missile early warning risk mitigation. These funds could be used for continued procurement of defense support program satellite number 24, accelerated development of ALARM leading to launch of the first satellite no later than the first quarter of 2002, development of BE, acquisition of three additional interim theater missile sensors, or a combination of the above. The House amendment also would reduce the requested amount for DSP RDT&E by \$20.0 million.

The House recedes.

The Department of Defense has undertaken a comprehensive review of all space-based infrared (SBIR) requirements and programs for ballistic missile detection, tracking, technical intelligence, and other ancillary missions. The conferees applaud this effort, but not that Congress has directed such an assessment every year for at least the last three years. The conferees also note that this new review follows a major assessment conducted just a year ago in the Bottom-Up Review (BUR). The BUR resulted in decisions to terminate one program, develop a DSP follow-on, and initiate another (ALARM); to terminate further procurement of DSP; and to scale back the BE program substantially.

The BUR process completely upended the fiscal year 1994 budget request, but Congress patiently provided wide latitude to the Secretary of Defense to allocate funds once the BUR was completed. Now Congress is once again in the same position. The conferees intend to provide DOD latitude in this critical area in fiscal year 1995, but their patience is wearing thin. Moreover, if the Department makes major changes in the current program, the planned deployment date of a follow-on capability could be jeopardized.

The conferees deny the \$31.0 million requested for the ALARM technology demonstration program. The conferees agree to apply these funds, and an additional \$19.0 million, to accelerate the advanced tactical warning and attack assessment system by two years. The conferees agree to authorize the requested amount for BE, but shift the program to the defense agencies, RDT&E account. The Secretary of Defense should determine the appropriate management organization for this program based on the ongoing review and notify the congressional defense committees within 45 days after the date of enactment of this act.

In addition, in light of the ongoing review of SBIR programs within the Department, and the potential for changes to existing programs as a result of the study, the conferees direct the Secretary to promptly report to the congressional defense committees on the results of the study, together with any recommended programmatic, budgetary, and schedule changes. Should the Secretary determine that modifications to existing programs are necessary, the conferees would consider a reprogramming request to implement any such changes.

Auth Conf, p. 644-646

Theater missile defense risk reduction activities

The House amendment contained a provision (sec. 233) that would create a risk-reduction fund for theater missile defenses.

The Senate bill contained no similar provision.

The House recedes.

Auth Conf, p. 647

TITLE III-OPERATION AND MAINTENANCE

DOD tactical intelligence programs

The Senate bill would authorize additional funding in the defense agencies, operation and maintenance (O&M) account for the following programs:

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- (1) reserves augmentation-\$5.0 million;
- (2) joint targeting support-\$7.0 million; and
- (3) intelligence communications architecture project-\$2.5 million.

In addition, the Senate bill would shift \$1.0 million in defense agencies, O&M funding for the automated message handling system, and \$2.4 million in defense agencies, O&M funding for Air Combat Command automatic data processing, from the general defense intelligence program to the tactical intelligence and related activities aggregation.

The House amendment took no similar actions.

The House recedes.

The Senate bill also recommended a reduction of \$18.0 million to the requested amount for O&M for the north warning system.

The House amendment would authorize the requested amount.

The conferees agree to reduce the requested amount by \$5.0 million.

Information systems security

The budget request contained \$19.0 million for the Center for Information Systems Security (CISS) within the Defense Information Systems Agency (DISA). The budget request also contained \$693.5 million, an 11 percent decrease from the fiscal year 1994 level, for the information systems security program (ISSP) administered by the National Security Agency.

The Senate bill would authorize the requested amounts.

The House amendment would authorize an additional \$4.0 million for the ISSP to be split between the ISSP and the CISS for secure architecture planning and implementation. The additional funds would be offset by a reduction in the DOD foreign counterintelligence program, in accordance with the priorities outlined in the Joint Security Commission report.

The conferees agree to the funding recommendations in the House amendment. The Senate report (S. Rept. 103-282) raised a number of fundamental issues regarding DOD funding and management of information systems security. The conferees endorse the views and direction expressed in the Senate report and in the classified annex to the House report (H. Rept. 103-541, Part 1) on H.R. 4299, the Intelligence Authorization Act for Fiscal Year 1995.

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In addition, the conferees note that the CISS at DISA, in conjunction with the National Security Agency, has developed a security architecture that would begin to address the problems identified in the Senate report. However, there is no implementation plan for funding, procuring, and fielding the required network enhancements. Developing this plan will be complicated by the fact that security improvements must be integrated with the fielding of the defense message system and the evolution of the digital switched network (DISN). The conferees direct the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD(C3I)) to prepare such an implementation plan and submit it to the congressional defense and intelligence committees by March 15, 1995.

Auth Conf, p. 673-4

LEGISLATIVE PROVISIONS

LEGISLATIVE PROVISIONS ADOPTED

SUBTITLE A-AUTHORIZATION OF APPROPRIATIONS

Funds for depot-level maintenance and repair work (sec. 304)

The House amendment contained a provision (sec. 304) that would add \$600.0 million to the requested amount for the performance of depot-level maintenance and repair work in government facilities. This provision would also limit to 40 percent the amount available for the performance of depot-level maintenance and repair work by non-federal government employees.

The Senate bill contained no similar provision.

The Senate recedes with an amendment. The conferees agree to authorize \$305.0 million above the requested amount for depot-level maintenance and repair.

Auth Conf, p. 674

SUBTITLE B-DEFENSE BUSINESS OPERATIONS FUND

Defense Business Operations Fund

The Senate bill and the House amendment contained a number of provisions related to the operation of the Defense Business Operations Fund (DBOF) which are described in the following sections.

The transfer of funds to and from the DBOF must be carried out in accordance with normal reprogramming procedures, unless otherwise directed by Congress. For fiscal year 1995, the reductions for civilian personnel understrength and for the DBOF capital asset subaccount that affect the DBOF cash balance have been made to the operation and maintenance accounts. These reductions should be offset by transfers from the DBOF.

The conferees are pleased that the process of advance billing for DBOF work can be eliminated in fiscal year 1995 under current plans. The conferees direct the Secretary of Defense to notify the congressional defense committees prior to reinstituting a policy of routine advance billing.

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The annual DBOF budget justification material should clearly identify the surcharges added to the cost of goods and services in each of the DBOF business areas. In addition, this justification material should continue to highlight and explain the reasons for operating losses in the DBOF business areas. The DOD components managing the DBOF business areas must be held accountable for the operating results in these areas.

The conferees endorse the requirement in the Senate report (S. Rept. 103-282) for DOD to review its current policy of recovering all operating losses through the DBOF rate structure and report the results of this review to the congressional defense committees in its February 1, 1995 report on the implementation of the DBOF improvement plan.

Oversight of Defense Business Operations Fund (sec. 311)

The Senate bill contained two provisions (secs. 311 and 312) concerning the management of the Defense Business Operations Fund (DBOF). Section 311 would make permanent the authority of the Secretary of Defense to manage the working capital funds and industrial, commercial, and support activities of the Department of Defense through the DBOF. Section 312 would require the Secretary of Defense to submit to the congressional defense committees a progress report on the implementation of the DBOF improvement plan by February 1, 1995. This section would also require the Comptroller General to report to Congress on the Defense Department's implementation of the DBOF improvement plan by March 1, 1995.

The House amendment contained a provision (sec. 341) that would extend the authority to operate the DBOF and make other changes affecting the transfer, billing, use, and accumulation of funds.

The Senate recedes with an amendment that would make permanent the authority of the Secretary of Defense to operate the DBOF; authorize the purchase of goods and services from a source other than the DBOF; limit the inclusion of certain costs in DBOF charges; establish procedures for the accumulation of funds in the DBOF; require an annual report from the Secretary of Defense on the DBOF; and require a report from the Secretary of Defense and the Comptroller General on the DBOF improvement plan.

Review by Comptroller General of charges imposed by Defense Business Operations Fund (sec. 312)

The House amendment contained a provision (sec. 342) that would require the Comptroller General to review the charges for goods and services imposed by the Defense Business Operations Fund.

The Senate bill contained no similar provision.

The Senate recedes with a clarifying amendment that would limit the review to charges for goods and services imposed by the DBOF in fiscal year 1996.

Limitation on obligations against the capital asset fund (sec. 313)

The Senate bill contained a provision (sec. 313) that would set a cap of \$1.5 billion, which is \$100.0 million below the requested amount, on obligations from the capital asset subaccount of the DBOF during fiscal year 1995.

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The House amendment contained no similar provision.

The House recedes with an amendment that would set a cap of \$1.44 billion on obligations from the capital asset fund subaccount of the DBOF during fiscal year 1995.

Limitation on obligations against the supply management divisions (sec. 314)

The Senate bill contained a provision (sec. 314) that would prohibit the Secretary of Defense from incurring obligations against the Defense Business Operations Fund during fiscal year 1995, except for obligations for fuel, subsistence and commissary items, retail operations, repair of equipment, and the cost of operations, in excess of 65 percent of sales from the DBOF during the fiscal year; would allow the Secretary of Defense, or his designee, to waive this 65 percent limitation cap if the Secretary determines that such action is necessary to maintain the readiness and combat effectiveness of the military services; and would require the service secretaries and the Director of the Defense Logistics Agency to report to the Secretary of Defense on the effect of this limitation on their ability to maintain the readiness and combat effectiveness of the armed forces not later than 60 days after enactment of this act.

The House amendment contained no similar provision.

The House recedes.

Auth Conf, p. 675-6

SUBTITLE D-DEPOT LEVEL-ACTIVITIES

Findings (sec. 331)

The House amendment contained a provision (sec. 321) that would express certain findings concerning depot-level maintenance and repair activities of the Department of Defense.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would modify the findings to emphasize the important role that depot-level activities of the Department of Defense play in meeting the readiness, mobilization, and deployment requirements of the military services.

Modification of limitation on performance of depot-level maintenance (sec. 332)

The House amendment contained a provision (sec. 322) that would revise the current percentage definition codified in section 2466 of title 10, United States Code, for depot-level maintenance and repair workloads that may be performed by non-federal government personnel to not more than 40 percent of the funds made available in a fiscal year to a military department or a defense agency for depot-level maintenance and repair. The House provision would also require that in computing the percentage of funds that are used to contract for depot-level maintenance and repair workload, DOD

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should include the costs of interim contractor support; contractor logistic support; maintenance and repair workload above the unit level; and the provision of materials and parts.

The Senate bill contained no similar provision.

The Senate recedes with an amendment. The conferees agree not to require the inclusion of the costs of maintenance and repair workload above the unit level and the provision of materials and parts in computing the percentage of funds that are used to contract for depot-level maintenance and repair.

Report on performance of depot-level maintenance and repair of new weapons systems (sec. 333)

The House amendment contained a provision (sec. 323) that would require that, within five years after the initial delivery of a weapon system to the Department of Defense, not less than 60 percent of the depot-level maintenance of the weapon system must be performed by employees of the Department of Defense.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would require the Secretary of Defense to submit a report to Congress by April 1, 1995 that contains the plans of each military department to provide for the depot-level maintenance and repair of any new weapon system by depot-level activities of the Department of Defense.

Review of cost growth in contracts to perform depot-level maintenance and repair (sec. 334)

The House amendment contained a provision (sec. 324) that would require the Secretary of Defense to audit each contract entered into for the performance of depot-level maintenance and repair in order to monitor the costs incurred by the contractor.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would require the Secretary of Defense to review a representative sample of contracts for the performance of depot-level maintenance and repair to determine the extent to which the costs incurred by a contractor under any such contract has exceeded the cost of the contract at the time the contract was entered into.

Authority for depot-level activities of the Department of Defense to compete for maintenance and repair workloads of other Federal agencies (sec. 335)

The House amendment contained a provision (sec. 326) that would allow the Department of Defense depot-level activities to compete for the depot-level maintenance and repair workload of other Federal agencies.

The Senate bill contained no similar provision.

The Senate recedes.

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Authority of depots to provide services outside of the Department of Defense (sec. 336)

The House amendment contained a provision (sec. 327) that would authorize the secretary of a military department to lease excess depot-level facilities and equipment on a reimbursable and non-interference basis.

The Senate bill contained no similar provision.

The Senate recedes with a clarifying amendment.

Reutilization initiative for depot-level activities (sec. 337)

The House amendment contained a provision (sec. 329) that would authorize a pilot program to encourage commercial firms to enter into partnerships with depot-level activities of the military departments.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would authorize the Secretary of Defense to conduct activities to encourage commercial firms to enter into partnerships with depot-level activities of the military departments.

Change of source for performance of depot-level workloads (sec. 338)

The Senate bill contained a provision (sec. 341) that would require the Secretary of Defense to ensure that any depot-level maintenance workload performed by a depot-level activity of the Department of Defense with a value of \$3.0 million or greater is not changed to performance by a contractor or by another DOD depot-level maintenance activity unless the change is made using merit-based selection procedures based upon competition among all DOD depot-level maintenance activities, or competitive procedures, including competition among private and public sector entities.

The House amendment contained no similar provision.

The House recedes. The conferees agree that the merit-based selection procedures required by this section for transferring workload between DOD depots should not affect the orderly transfer of workload as a result of base closure decisions.

Sale of articles and services of industrial facilities of the armed forces to persons outside Department of Defense (sec. 339)

The Senate bill contained a provision (sec. 359) that would authorize the Secretary of Defense to designate up to three DOD industrial facilities to sell articles and services to persons outside DOD if the Secretary determines that the articles or services are not available from a commercial source in the United States.

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The House amendment contained a similar provision (sec. 1057) that would authorize DOD industrial facilities to sell articles and services outside DOD without regard to the availability of the goods or services from a commercial source. The House provision would also condition the exercise of the authority granted in the provision on a certification that a cost accounting system had been developed to track the financial activities related to any commercial business undertaken by these facilities. It would also delay the effective date of the authorities granted in the provision to June 1, 1995.

The House recedes with an amendment that would authorize the Secretary of Defense to designate any DOD industrial facility to participate in this program, and would make the authority under the provision effective April 1, 1995.

The conferees note the concerns expressed in both the House and Senate reports (H. Rept. 103-499 and S. Rept. 103-282) over the Defense Department's weak financial management operations. The conferees expect the Secretary of Defense to ensure that DOD industrial facilities have the cost accounting systems needed to keep track of the costs associated with making sales of articles and services under this section, and that expenditures made and revenues generated in such sales are not intermingled with funds authorized and appropriated for the military mission of the industrial facilities.

Auth Conf, p. 679-81

Cost comparison studies for contracts for advisory and assistance services (sec. 363)

The Senate bill contained a provision (sec. 363) that would require that, before the Secretary of Defense enters into a contract for advisory and assistance services with a value in excess of \$100,000, the Secretary shall determine whether DOD personnel can perform the services proposed to be covered by the contract. If the Secretary determines that such personnel have that capability, the Secretary shall conduct a study comparing the cost of performing the services with DOD and contractor personnel.

The House amendment contained a similar provision (sec. 372).

The House recedes.

Review by Defense Inspector General of cost growth in certain contracts (sec. 364)

The Senate bill contained a provision (sec. 362) that would require the Department of Defense Inspector General to review a representative sample of contracts for the performance of commercial activities which resulted from a cost comparison study conducted under OMB Circular A-76.

The House amendment contained a similar provision (sec. 371) that would require the DOD IG to review not less than 20 percent of such contracts each year.

The House recedes.

Auth Conf, p. 686

Maintenance of sufficient depot-level facilities, activities, facilities, and employees of the Department of Defense

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The House amendment contained a provision (sec. 328) that would require the Secretary of Defense to maintain sufficient depot-level activities, facilities, and employees to carry out all provisions of title III of the House amendment.

The Senate bill contained no similar provision.

The House recedes.

Auth Conf, p. 693

TITLE VIII-ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

LEGISLATIVE PROVISIONS

LEGISLATIVE PROVISIONS ADOPTED

Procurement technical assistance centers (sec. 801)

The Senate bill contained a provision (sec. 811) that would authorize \$12.0 million for the operation of procurement technical assistance centers in fiscal year 1995. The provision would also authorize up to \$600,000 of the \$12.0 million to be used to fund such programs sponsored by tribal organizations.

The House amendment contained a similar provision.

The House recedes.

Pilot mentor protege program (sec. 802)

The budget request contained \$50.0 million in RDT&E funds for the pilot mentor protege program.

The Senate bill contained a provision (sec. 812) that would provide \$50.0 million for the pilot mentor protege program from title I procurement funds.

The House amendment contained no similar provision.

The House recedes.

Historically black colleges and universities (sec. 803)

The budget request contained \$15.0 million for historically black colleges and universities and minority institutions (HBCU/MI).

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The Senate bill contained a provision (sec. 813) that would provide \$35.0 million for these institutions.

The House amendment contained a provision (sec. 813) that would provide \$25.0 million for the HBCU/MI program. The House report (H. Rept. 103-499) also recommended \$10.0 million for undergraduate centers of excellence at HBCU/MI institutions.

The conferees recommend \$25.0 million for the HBCU/MI program. The conferees further recommend that the Department of Defense ensure that minority women's programs, such as undergraduate science centers of excellence, have an opportunity to compete for funding under the HBCU/MI program.

Treatment under subcontracting plans for purchases from qualified nonprofit agencies for the blind or severely disabled (sec. 804)

The Senate bill contained a provision (sec. 816) that would extend until September 30, 1997 the law (10 U.S.C. 2410d) that provides contractors with credit towards their subcontracting goals for subcontracts with qualified nonprofit entities for the blind and severely disabled. The provision also would revise current law by including central nonprofit agencies designated by the Committee for Purchase from People Who are Blind or Severely Disabled.

The House amendment contained no similar provision.

The House recesses.

Industrial mobilization authority (sec. 811)

The Senate bill contained a provision (sec. 822) that would clarify 10 U.S.C. 2538 regarding the delegation of mobilization authority by the President during wartime.

The House amendment contained no similar provision.

The House recesses.

Determinations of public interest under the Buy American Act (sec. 812)

The Senate bill contained a provision (sec. 824) that would add several factors to the series of factors that section 2533 of title 10, United States Code, requires the Defense Department to consider when deciding whether to procure foreign-made goods.

The House amendment contained no similar provision.

The House recesses with an amendment that would delete one of the factors added by the Senate provision and add a reference to the national technology employment base.

Continuation of reporting requirement on non-competitive awards to colleges and universities (sec. 813)

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The Senate bill included a provision (sec. 802) that would continue an annual reporting requirement on the awards of contracts and grants to universities through other than competitive procedures.

The House amendment contained no similar provision.

The House recedes with an amendment.

Consolidation of limitations on procurement of goods other than American goods (sec. 814)

The House amendment contained a provision (sec. 855) that would amend section 2534 of title 10, United States Code, to consolidate miscellaneous limitations and waivers on the procurement of foreign goods.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would make technical changes and retain the existing limitation in law on the procurement of sonobuoys.

Environmental consequence analysis of major defense acquisition programs (sec. 815)

The House amendment contained a provision (sec. 871) that would require the Secretary of Defense to analyze the life-cycle environmental costs of major defense system acquisition programs before development begins. The provision would also direct the Secretary to issue implementing guidance for such analysis, as well as implementing guidance for compliance with the National Environmental Policy Act (NEPA), and to establish a NEPA data base.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would direct the Secretary to issue guidance, by March 31, 1995, to ensure both that the life-cycle environmental costs of major defense system acquisition are analyzed before production begins, and that the Department complies with the National Environmental Policy Act in making decisions regarding the procurement of major defense systems. The provision would also direct the Secretary to implement the guidance by March 31, 1995.

Demonstration project on purchase of fire, security, police, public works, and utility services from local government agencies (sec. 816)

The House amendment contained a provision (sec. 874) that would require the Secretary of Defense to conduct a demonstration project at Monterey, California, under which any municipal services needed for operation of any Department of Defense asset in Monterey County, California, may be purchased from government agencies located within the county of Monterey.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would authorize, but not require, the Secretary to carry out this demonstration program.

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Preference for local residents (sec. 817)

The House amendment contained a provision (sec. 876) that would authorize the Secretary of Defense to give a preference to private contractors performing work at closing military installations, if those contractors hire, to the maximum extent practicable, residents from the local communities. This work would include environmental restoration contracts.

The Senate amendment contained no similar provision.

The Senate recedes with an amendment that would permit the Secretary to give a preference only if granting the preference is consistent with all other legally required actions at the installation. The conferees are concerned that environmental restoration not be delayed as a result of any preferences.

Allowability under defense contracts of restructuring costs of a merger or acquisition (sec. 818)

The House amendment contained a provision (sec. 1033) that would bar the Secretary of Defense from authorizing any payments, after May 4, 1994, for any restructuring costs incurred by a defense contractor after a merger or acquisition.

The Senate bill contained no similar provision.

The Senate recedes with an amendment. The amendment would require the Secretary of Defense to issue regulations by January 1, 1995, that would govern the allowability of restructuring costs, and that would establish requirements for contract novation resulting from business combinations (mergers and acquisitions). The amendment also would impose an annual reporting requirement on the Department of Defense and would require the Comptroller General to assess the Defense Department's policy and make recommendations to Congress.

The conferees have serious concerns about allowing payment of restructuring costs beyond those costs that would be allowed as a result of an internal reorganization absent a merger or acquisition. The conferees remain convinced that regulations should provide clear restrictions on the reimbursement of costs resulting from mergers and acquisitions, including such controversial areas as the costs attributable to pension underfunding.

The conferees are concerned that the Department of Defense policy on restructuring costs does not require enough accountability. The conferees also are concerned about the absence of clear requirements for calculating and evaluating projections of future cost savings to the government when such savings are used as the basis for allowing payment of restructuring costs.

The conference agreement would require a DOD official at the level of an assistant secretary of defense or above to review restructuring agreements based on projections of future savings, certify that the projections are based on audited data, and certify that the payment of restructuring costs should result in overall reduced costs for the Department of Defense, which is the stated purpose for this policy.

The conferees believe that DOD policy must require the prompt novation of government contracts after a business combination and must require properly supported and audited advance agreements in order to ensure that the government's interests are protected. The Department also must ensure that contracting officers and auditors understand that, in the absence of detailed information showing compelling evidence of the benefit to the government, there is no obligation to pay these costs. Furthermore, DOD policy should ensure that contracting officers make every reasonable effort to price the projected savings into current contracts, thereby increasing the likelihood that actual savings will be obtained for the taxpayers rather than relying only on projections.

Defense acquisition pilot program designations (sec. 819)

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The House amendment contained a provision (sec. 875) that would authorize the Secretary of Defense to designate five specified programs for participation in the defense acquisition pilot program established under section 809 of the National Defense Authorization Act for Fiscal Year 1991.

The Senate bill contained no similar provision. The Senate approved a similar provision, authorizing the designation of six specified programs under the pilot program authority, in section 5003 of the Federal Acquisition Streamlining Act of 1994.

The Senate recedes with an amendment that would authorize the Secretary of Defense to designate the following programs for participation in the defense acquisition pilot program to the extent provided in the Federal Acquisition Streamlining Act of 1994: (1) fire support combined arms tactical trainer; (2) joint direct attack munition; (3) commercial derivative aircraft; (4) commercial-derivative engine; and (5) joint primary aircraft training system.

LEGISLATIVE PROVISIONS NOT ADOPTED

Legislative provisions addressed in the Federal Acquisition Streamlining Act of 1994

A number of provisions in the Senate bill and the House amendment duplicate provisions under consideration by the conference committee on S. 1587, the Federal Acquisition Streamlining Act of 1994. The House and Senate conferees each agree to recede from their respective positions on the sections of S. 2182 listed below in view of the disposition of these issues in the conference on S. 1587.

Item	S. 2182 Senate bill	S. 2182 House amendment	S. 1587 Senate bill	S. 1587 House amendment
Defense procurement policy		811		1501
Special tooling equipment		812	1505	1506
Vouchering procedures		813	2002	2002
Critical spare parts		814	2401	2401
Contractor guarantees		815	2402	2402
Procurement schedules		821		3001
Selected acquisition reports		822		3002
Unit cost reports		823		3003
Independent cost estimates		824	3001	3004
Baseline descriptions		825	3002	3005
Competitive prototyping		826	3004	3006
Competitive alt. sources		827	3005	3007
Operational Test and Evaluation		833-33, 906	3011-13	3011-13

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Civil Reserve Air Fleet		841-43	3023	3021-23
Miscellaneous functions		851	3081	3051
Product evaluation		852	3082	3052
Leases		853	3083	3053
Naval vessel contracts		854		3054
Intellectual property		856	5092	8005
Subcontracting test	814	858		4103
Merit-based selections	801	872	4152	1301, 4151
Shipbuilding claims		873	2502	2502

Implementation of acquisition assistance regulations required by Public Law 103-160

The Senate bill contained a provision (sec. 815) that would prohibit obligation and expenditure of certain funds until the Department of Defense issues all regulations required by sections 811(d)(1) and 813(b)(1) of the National Defense Authorization Act for Fiscal Year 1994. The required implementing regulations concern the contract goal for small disadvantaged businesses (10 U.S.C. 2323) and the pilot Mentor-Protege program.

The House amendment contained no similar provision.

The Senate recedes. The conferees agree that implementation of these sections is a matter of high priority, but believe that the Department should be given a final opportunity to issue appropriate regulations before specific action is taken by the Congress.

Department of Defense review of antitrust cases with national security implications

The House amendment contained a provision (sec. 857) that would establish in permanent law a procedure for the Secretary of Defense to review and comment on proposed mergers that might have national security implications.

The Senate bill contained no similar provision.

The House recedes. The conferees note that a report by the Defense Science Board has recommended procedures for DOD to review and comment on proposed mergers, and the conferees urge the Department to promptly implement these recommendations. In accordance with the recommendations of the Defense Science Board Task Force on Antitrust, the conferees direct the Secretary of Defense to ensure: (1) that DOD alerts the antitrust enforcement agencies to any proposed acquisition of a business concern that is a critical defense supplier with respect to which the Attorney General or the Federal Trade Commission receives notice under the antitrust laws; (2) when warranted, that DOD advises the antitrust agencies of relevant facts bearing on the likely effect of the proposed acquisition on the national industrial and technology base and on other national security considerations; and (3) that DOD promptly communicates its views to the Attorney General or the Federal Trade Commission on any national security concerns related to a proposed merger or acquisition.

Auth Conf, p. 728-734

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TITLE IX-DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

LEGISLATIVE PROVISIONS

LEGISLATIVE PROVISIONS ADOPTED

Assistant secretary of defense (sec. 901)

The Senate bill contained a provision (sec. 901) that would increase the number of assistant secretaries of defense from 10 to 11.

The House amendment contained no similar provision.

The House recesses.

Order of succession in the military departments (sec. 902)

The Senate bill contained a provision (sec. 902) that would place the position of general counsel of a military department in the order of succession to the position of secretary of a military department immediately following the assistant secretaries.

The House amendment contained no similar provision.

The House recesses.

Change of title of Comptroller of the Department of Defense (sec. 903)

The House amendment contained a provision (sec. 905) that would change the title of the Comptroller of the Department of Defense to Under Secretary of Defense (Comptroller).

The Senate bill contained no similar provision.

The Senate recesses.

Revision of National Guard Bureau charter (sec. 904)

The House amendment contained a provision (sec. 901) that would set out the purpose of the National Guard Bureau; provide for the appointment and minimum grades of the Bureau leadership, including the chief, vice chief, and four additional general officers; provide for a Bureau legal counsel, comptroller, and inspector general; and require an annual report on the state of the National Guard. The provision would also require the Secretary of the Army and the Secretary of the Air Force to jointly develop a Guard Bureau charter.

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The Senate bill contained no similar provision.

The Senate recedes with an amendment that would specify the grades of the Bureau leadership and provide for the annual report to be submitted to the Secretary of Defense through the Secretaries of the Army and the Air Force.

Auth Conf, p. 734-735

Commission on Roles and Missions (sec. 923)

The Senate bill contained three provisions (secs. 911-913) relating to the Commission on Roles and Missions. The first provision would include the National Guard and other reserve components in the overall framework of the Commission's review and recommendations, and require the Commission to address the roles, missions, and functions of the reserve components within the Total Force. The second provision would require the Secretary, upon the request of the chairman of the Commission, to make available to the Commission, without reimbursement, the services of the federally funded research and development centers (FFRDCs) covered by sponsoring agreements of DOD, of a value of not more than \$20.0 million. The third provision would increase the membership of the Commission by one member, require that the additional member have previous military experience and management experience with the reserve components, and require the Secretary to appoint the new member within 15 days after the enactment of this act.

The House amendment contained a provision (sec. 1032) that would increase the membership of the Commission on Roles and Missions from seven to ten members and require the Secretary of Defense to appoint the new members within 45 days after the date of the enactment of this act.

The House recedes with an amendment that would increase the membership of the Commission from seven to eleven members, increase the number of members required for a quorum from four to seven members, require the Secretary of Defense to appoint the additional members within 30 days after the enactment of this act, provide that the Commission may also recommend changes that would better align programs and force structure with projected missions and threats, and provide that any analytic support or related services provided by a federally funded research and development center shall not be subject to any overall ceiling established by law.

The conferees note that the Commission on Roles and Missions has now begun its important work. The conferees are aware of some uncertainty as to whether the Commission's charter includes recommending changes in force structure, programs, and organizations. The provision adopted by the conferees makes it clear that changes in force structure and programs are part of the Commission's charter. The conferees believe that the original statute that established the Commission is already clear that recommendations on changes in organizations are part of the Commission's charter. In essence, the conferees intend that the Commission should have the full authority and means to carry out its important work.

The conferees recognize that limitations on the Commission's analytic staff (even with strong FFRDC support), its budget, and particularly its time will restrict its ability to cover programmatic issues. The conferees, therefore, encourage the Commission to address as many of the more significant programmatic issues as can be treated adequately with available resources and time, and include recommendations in its report as to how other high-priority issues of this type should be addressed.

Auth Conf, p. 736-7

Budget support for reserve special operations forces (sec. 925)

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The House amendment contained a provision (sec. 904) that would amend section 167 of title 10, United States Code, to specify that the budget proposal for the U.S. Special Operations Command may not eliminate, or significantly reduce the level of funding for, a reserve component special operations unit without the concurrence of the secretary of the military department concerned.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would require the commander of the Special Operations Command to consult with the secretaries of the military departments concerning funding for reserve special operations units and to include their differing views, if any, with the budget proposal submitted to the Secretary of Defense. It also would require the secretaries of the military departments to consult with the commander of the Special Operations Command concerning funding for reserve special operations forces in the military personnel budgets of their military departments and to include the differing views, if any, of the commander with the budget proposal submitted to the Secretary of Defense.

Auth Conf, p. 738

TITLE X-GENERAL PROVISIONS

LEGISLATIVE PROVISIONS

LEGISLATIVE PROVISIONS ADOPTED

Emergency supplemental authorization of appropriations for fiscal year 1994 (sec. 1002)

The Senate bill contained a provision (sec. 1002) that would authorize supplemental appropriations for fiscal year 1994 for the incremental costs of operations in Somalia, Bosnia, Southwest Asia, and Haiti.

The House amendment contained no similar provision.

The House recedes with an amendment that would also authorize \$270.0 million for emergency supplemental appropriations for the Department of Defense to cover incremental costs related to the ongoing humanitarian relief effort for the refugees in and around the border areas of Rwanda. The conferees agree to authorize emergency supplemental appropriations for Rwanda only for the relief of the refugees. This section should not be construed as authorizing the military forces of the United States to engage in "nation-building" efforts in Rwanda.

Incorporation of classified annex (sec. 1003)

The House amendment contained a provision (sec. 1003) that would incorporate the classified annex that accompanied the House bill (H.R. 4301) into that act.

The Senate bill contained no similar provision.

The Senate recedes with a technical amendment that would incorporate the classified annex prepared by the conference committee into law.

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The classified annex of legislative provisions to this conference report is incorporated by reference into this act and has the force and effect of law. The classified annex is available to the Senate and House of Representatives during consideration of this conference report, and will be made available to the President at the time of presentment of this legislation.

Date for submission of future-years mission budget (sec. 1004)

The Senate bill contained a provision (sec. 1003) that would require the submission of the future-years mission budget required by section 222 of title 10, United States Code, within 60 days of the submission of the President's budget.

The House amendment contained a similar provision (sec. 1004) that would require submission of the report within 30 days of the submission of the President's budget.

The House recesses.

Submission of future-years defense program in accordance with law (sec. 1005)

The Senate bill contained a provision (sec. 1004) that would require the submission of the fiscal year 1996 future years defense program (FYDP) within 90 days of the submission of the President's budget.

The Senate bill would also require the Secretary of Defense, after consultation with the Inspector General of the Department of Defense, to certify that the FYDP complies with the requirement for consistency between the FYDP and the President's budget contained in section 221(b) of title 10, United States Code.

The Senate bill would also prohibit the Department of Defense from obligating more than 10 percent of any unobligated advance procurement funds during the first 30 days after the end of the 90-day period unless the FYDP and the certification have been submitted. After this 30-day period, no advance procurement funds could be obligated until the FYDP and the certification had been submitted.

The House amendment contained no similar provision.

The House recesses with a technical amendment.

Identification and reporting of unauthorized appropriations (sec. 1006)

The House amendment contained a provision (sec. 1005) that would require the Secretary of Defense to submit a report each year upon enactment of the Department of Defense authorization and appropriation acts identifying all unauthorized programs, projects, and activities.

The Senate bill contained no similar provision.

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The conferees agree to a provision that would allow the Department of Defense to obligate funds for all fiscal year 1994 programs, projects, and activities for which the amount appropriated exceeded the amount authorized, with the exception of the programs specifically cited in this section. This section would allow fiscal year 1994 funds to be obligated for the manufacturing technology program on the basis of competition.

Support for law enforcement (sec. 1011)

The House amendment contained a provision (sec. 1011) that would extend DOD support for law enforcement authorities contained in section 1004 of the National Defense Authorization Act for Fiscal Year 1991 through fiscal year 1997 and authorize \$40.0 million for such support for fiscal year 1995.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would extend section 1004 through fiscal year 1999, delete the specific authorization for fiscal year 1995, and provide a limitation on the future transfer of DOD funds and personnel to another department or agency involved in the national counterdrug effort.

The conferees recognize that the Department's budget request strongly supports activities that are authorized by section 1004 and that a specific statutory authorization for support to law enforcement is no longer necessary.

The conferees continue to support the Department's efforts to develop and demonstrate non-intrusive inspection technology systems and the pilot outreach programs of the services and the National Guard.

The conferees support the integration of a third relocatable over-the-horizon radar (ROTHR) system into the national counter-drug effort. They have reservations, however, about placing the third system in Puerto Rico rather than in a location that would cover Mexico and Guatemala because most of the non-containerized drugs entering the United States come across the southwest border after being flown into those two countries. Accordingly, the conferees recommend the requested amount for the third system but direct the Department to conduct a comprehensive analysis of the relative contributions that the third system could make if placed in Puerto Rico or in a location in the continental United States from which it could cover Mexico and Guatemala. No funds may be expended for placing the third ROTHR system either in Puerto Rico or elsewhere until the comprehensive analysis is completed and its results reported to the congressional defense committees.

The conferees are concerned about the value and cost-effectiveness of the contribution that the mobile ground-based radars in the Andean region make to the counter-drug effort. The conferees are aware, however, that these radars have taken on important political and symbolic importance since the cessation of intelligence sharing in that region. Accordingly, the conferees agree to authorize most of the funds requested for the radars but deny \$11.8 million of the requested amount without prejudice. The conferees direct the Department to review the utility of the ground-based radars for counter-drug use in the Andean region. Upon completion of the review, the Department may submit a prior-approval reprogramming request along with the results of the review to the appropriate congressional committees.

The following table details the conferees' agreement:

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DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES (OPERATION AND MAINTENANCE)

[IN THOUSANDS OF DOLLARS]

Fiscal year 1995 drug interdiction and counter-drug activities, O&M request	714,200
Increases:	
Project 1403 counterdrug R&D	6,000
Project 7403 national interagency CD institute	3,500
Project 8992 pilot outreach	1,000
Project 8993 pilot outreach	200
Project 8994 pilot outreach	200
Project 8995 pilot outreach	500
Project 8996 pilot outreach	400
Total increases	11,800
Decreases:	
Project 4419(T) SOUTHCOM radar support	11,800
Total decreases	11,800
Fiscal Year 1995 drug interdiction and counter-drug activities, O&M budget	714,200

Auth Conf, p. 739-742

Civil Air Patrol (sec. 1062)

The Senate bill contained a provision (sec. 342) that would reorganize the Air Force liaison with the Civil Air Patrol.

The House amendment contained a similar provision (sec. 367).

The House recedes.

Auth Conf, p. 746

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Assignments of employees between federal agencies and FFRDCs (sec. 1068)

The Senate bill contained a provision (sec. 1087) that would include federally funded research and development centers (FFRDCs) on the list of institutions eligible to utilize the Intergovernmental Personnel Act for exchanges of employees with federal agencies.

The House amendment contained no similar provision.

The House recedes.

Review of the Bottom-Up Review and the Future Years Defense Program and establishment of new funding requirements and priorities (sec. 1069)

The Senate bill contained a provision (sec. 1091) that would make a number of findings concerning national military strategy, military force structure, and the level of the defense budget. The provision would also express the sense of Congress that (1) the Secretary of Defense should review the assumptions and conclusions of the Bottom-Up Review and the Future Years Defense Program; (2) the Secretary should submit to the President and the Congress a report detailing the force structure required for an effective defense of the United States and its vital national interests; (3) the President should submit to Congress a report detailing the steps he will take to meet the force structure recommended by the Secretary; and (4) the fiscal year 1996 defense budget should reflect the funding necessary to support the force structure recommended by the President.

The House amendment contained a provision (sec. 402) that would prohibit the President from deploying elements of more than one division of the Army's contingency force for operations other than war unless elements of all divisions that are not part of the Army's contingency force are currently deployed for such operations. The provision is related to a proposal that the Army be comprised of twelve divisions as discussed on pages 231-234 of the House report (H. Rept. 103-499).

The House amendment also contained a provision (sec. 553) that would make several findings and express the sense of Congress on a specific force structure for the armed forces and funding for national defense.

The House recedes with an amendment that would add several findings relating to the involvement of U.S. forces in operations other than war and the tradeoffs required among various elements of the defense budget. The amendment would also call for the Secretary of Defense's review and report to consider (1) the participation of U.S. forces in operations other than war, and (2) the potential need to address changes in national security planning, programs, the national military strategy, and the proposal to structure the Army around 12 active duty divisions. Finally, the amendment would encourage the President to increase defense spending if required to meet new or existing threats.

Auth Conf, p. 747-748

Air National Guard fighter aircraft force structure (sec. 1072)

The Senate bill contained a provision (sec. 307) that would require the Secretary of Defense to review the findings of the Commission on Roles and Missions of the Armed Forces on the role and requirements for general purpose fighter units of the Air National Guard and to complete, within 30 days of the Commission's report, a study which recommends the appropriate level of primary aircraft authorized for such units.

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The House amendment contained no similar provision.

The House recedes.

Auth Conf, p. 748

Termination of certain Department of Defense reporting requirements

The Senate bill contained a provision (sec. 1042) that would terminate certain Department of Defense reporting requirements on the date of the enactment of this act.

The House amendment contained no similar provision.

The Senate recedes. Section 1151 of the National Defense Authorization Act for Fiscal Year 1994 required the Secretary of Defense to submit to Congress by April 30, 1994, a list of reports that the Secretary determined to be unnecessary or incompatible with the efficient management of the Defense Department. Unfortunately, Congress did not formally receive the list until July 29, 1994. This late submission did not leave Congress enough time to adequately review the reports proposed for termination.

The list submitted by the Defense Department contains nearly 100 reports that will automatically be terminated on October 30, 1995, unless they are continued by legislation. During their review of this list in 1995, the Armed Services Committees of the Senate and House of Representatives will not consider retaining any report on the list unless it is shown to be necessary for national security or essential to congressional oversight.

Auth Conf, p. 750

Funding for contingency operations

The House amendment contained a provision (sec. 1021) that would amend section 127a of title 10, United States Code, by removing the \$300.0 million cap on the total of unreimbursed sums that may be drawn from the resources of the Defense Business Operations Fund (DBOF) at any one time; expand the purposes of the cash account established in fiscal year 1994 to cover any and all costs that cannot be funded through the DBOF; authorize the appropriation of \$300.0 million for fiscal year 1995; and restrict the use of the Fund and any of the resources of the DBOF to those operations formally designated as national contingency operations.

The Senate bill contained no similar provision.

The House recedes.

Auth Conf, p. 752

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TITLE XI-DEFENSE CONVERSION, REINVESTMENT, AND TRANSITION ASSISTANCE

LEGISLATIVE PROVISIONS

LEGISLATIVE PROVISIONS ADOPTED

Funding for the defense conversion, reinvestment and transition assistance programs for fiscal year 1995 (sec. 1102)

The House amendment contained a provision (sec. 1302) that would summarize the amounts authorized for defense conversion, reinvestment, and transition assistance programs. The House provision would authorize \$3,256.4 million.

The Senate bill contained no similar summary provision.

The Senate recedes with an amendment. The conferees agree to authorize \$3,090.8 million for defense conversion, reinvestment, and transition assistance programs. The categories in the following table summarize the conferees' agreement:

FUNDING OF DEFENSE CONVERSION, REINVESTMENT AND TRANSITION ASSISTANCE PROGRAMS IN FISCAL YEAR 1995

[MILLIONS OF DOLLARS]

DEFENSE TECHNOLOGY CONVERSION AND REINVESTMENT (FUNDING SOURCE)

PE 603570E TRP/dual-use partnerships (R&D)	625.0
PE 603739E Mfg. technology (R&D)	398.3
PE 602301E Computing systems (R&D)	394.6
PE 602712E Electronics and materials (R&D)	256.8
various Sm. bus. innovative research (R&D)	161.0
PE 603745E SEMATECH (R&D)	90.0
PE 601101E Basic research (R&D)	87.7
PE 603570D Other reinvestment programs (R&D) ¹	76.0
PE 60x572N Navy reinvestment program (R&D)	50.0
PE 603744E Advanced simulation (R&D)	20.9
PE 603226E Law enforcement/peacekeeping (R&D)	20.0
PE 602702E Law enforcement/peacekeeping (R&D)	10.0
Subtotal	2,190.4

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PERSONNEL ASSISTANCE TRANSITION

Temporary early retirement (personnel) ²	392.1
Separation pay/civilian benefits (O&M)	301.7
Guard and reserve transition (O&M)	139.5
Other initiatives (O&M)	99.0
Transition assistance (O&M)	72.4
Troops to teachers (O&M)	65.0
Troops to law enforcement/public safety (O&M)	25.0
Ship recycling demonstrations (procurement)	7.5
Bilingual math/science education demo projects (O&M)	5.0
Subtotal [all]	1,107.2
Subtotal [requiring authorization]	715.1

COMMUNITY ASSISTANCE

National Guard youth programs (O&M)	71.4
Junior ROTC expansion (O&M)	59.8
Office of Economic Adjustment	54.1
Subtotal	188.3
Total [all]	3,482.8
Total [Title XI authorized]	3,090.8

¹\$11.0 million provided for law enforcement/peacekeeping initiative.

²Authorization not required.

Funding for defense technology reinvestment programs (sec. 1111)

The Senate bill contained a provision (sec. 231) that would allocate funds for the defense technology reinvestment program element of the Defense Agencies research budget.

The House amendment included a similar provision (sec. 1111).

The Senate recedes with an amendment that would make \$751.0 million of RDT&E funds available for the following reinvestment programs:

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[Dollars in millions]

Defense Reinvestment Program (PE 63570E)	625.0
Dual-use partnerships	245.0
Commercial-military integration	96.0
Regional tech alliances	80.0
Defense adv. manufacturing partnership	30.0
Manufacturing extension	25.0
Def. manufacturing engin. education	24.0
Maritech	50.0
Agile manufacturing	35.0
Materials partnerships	30.0
US-Japan management training	10.0
Defense Reinvestment Program (PE 63570D)	76.0
Defense lab diversification	10.0
Loan guarantees	50.0
Small business technical assistance	5.0
Operations other than warfare/law enforcement	11.0
Navy Reinvestment Program (PEs 61572N, 62572N, and 63572N)	50.0

The conferees agree that the total funding for the operations other than warfare (OOTW)/law enforcement program, including funding to support the memorandum of understanding between DOD and the Justice Department, is \$41.0 million. In addition to the \$11.0 million described above, the conferees direct that \$10.0 million be available for this program in the ARPA tactical technology program element (PE 62702E) and that \$20.0 million be available in the ARPA experimental evaluation of major innovative technologies program element (PE 63226E).

Auth Conf, p. 752-754

Federal defense laboratory diversification and Navy reinvestment programs (sec. 1113)

The Senate bill included a provision (sec. 234) that would provide a statutory framework for the federal defense laboratory diversification and Navy reinvestment programs proposed by the Administration.

The House amendment contained no similar provision.

The House recedes.

Loan guarantees under the defense dual-use assistance program (sec. 1114)

The Senate bill contained a provision (sec. 235) that would fund a loan guarantee program for small defense firms.

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The House amendment included a provision (sec. 1113) that would add criteria for the loan guarantee program under section 2524 of title 10, United States Code.

The Senate recedes with an amendment. The conferees agree to provide \$50.0 million for the Department of Defense to carry out a loan guarantee program in fiscal year 1995 in conjunction with the Small Business Administration (for loans to small businesses), and with the Economic Development Administration or other appropriate federal agency (for loans to medium-sized businesses). At least 60 percent of the funding shall be devoted to loan guarantees to small businesses with the remaining funds to be used for loan guarantees to medium-sized businesses.

The amendment would also include eligibility requirements that emphasize that (1) the recipients of the loans must be DOD contractors and subcontractors; (2) the loans must involve capital improvements that are at least partially utilized by DOD; and (3) the loans should promote the retention of workers under contracts and subcontracts with the Department of Defense.

Financial commitment requirements for small businesses (sec. 1115)

The Senate bill contained a provision (sec. 232) that would allow a small business at least 120 days after receiving an award in certain technology reinvestment programs to obtain the requisite non-federal cost-share from the venture capital market.

The House amendment included a similar provision (sec. 1114).

The Senate recedes with an amendment.

Conditions on funding of technology reinvestment projects (sec. 1116)

The Senate bill included a provision (sec. 233) that would establish conditions for funding technology reinvestment projects, including a requirement for the use of competitive selection procedures.

The House amendment contained a similar provision (sec. 1115).

The Senate recedes with an amendment.

National defense technology and industrial base (sec. 1117)

The Senate bill contained a provision (sec. 821) that would prohibit the Secretary of Defense from obligating or expending any of the funds authorized in PE 65104D until the annual national defense technology and industrial base assessment and plan required by sections 2505 and 2506 of title 10, United States Code, have been submitted.

The House amendment contained no similar provision.

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The House recedes with an amendment. The conferees agree that only half the funds in PE 65104D will be subject to the provision. The conferees, however, direct the Secretary to submit the following to the Committees on Armed Services of the House of Representatives and Senate: (1) any industry sector studies prepared to support the annual capability assessment and plan as soon as they are completed; and (2) by September 30, 1994, a detailed description of the reasons for not submitting the annual capability assessment and plan and a schedule for their submission.

Documentation for awards under the technology reinvestment project (sec. 1118)

The Senate bill contained a provision (sec. 825) that would require certain documentation for awards of cooperative agreements or other transactions under the technology reinvestment project.

The House amendment included no similar provision.

The House recedes.

Comptroller General assessment of technology reinvestment project (sec. 1119)

The Senate bill contained a provision (sec. 826) that would require the Comptroller General to assess the extent to which individual technology reinvestment project activities advance national security or other objectives.

The House amendment included no similar provision.

The House recedes.

Auth Conf, p. 755-6

TITLE XII-COOPERATIVE THREAT REDUCTION WITH STATES OF FORMER SOVIET UNION

LEGISLATIVE PROVISIONS

LEGISLATIVE PROVISIONS ADOPTED

Cooperative threat reduction with states of the former Soviet Union (secs. 1201-1209)

The budget request contained \$400.0 million for cooperative threat reduction (CTR) with states of the former Soviet Union.

The Senate bill included a provision (sec. 1013) that would authorize the requested amount and extend the authorities and reporting requirements contained in the Cooperative Threat Reduction Act of 1993 (title XII of Public Law 103-160; 22 U.S.C. 5951 et seq.). The Senate bill also contained a provision (sec. 1041) that would require a report on offensive biological warfare programs of states of the former Soviet Union.

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The House amendment contained a provision (sec. 1048) that would authorize the requested amount and extend the semiannual CTR report. Additionally, the House amendment contained a provision that would express the sense of Congress on the safe and secure dismantlement of the Soviet nuclear arsenal (sec. 1046); require a report on the coordination of military-to-military programs (sec. 1047); require Presidential certification that Russia has terminated its offensive biological warfare program (sec. 1049); require a report accounting for CTR assistance (sec. 1201); require a report on the accountability and control of fissile and chemical materials (sec. 1202); require a report on allied support for CTR programs and annual reports on multiyear planning for CTR programs (sec. 1203); and place specific limitations on all CTR programs for fiscal year 1995 (sec. 1204).

The conferees agree to combine the provisions of the Senate bill and the House amendment.

The conferees reiterate that the main focus of cooperative threat reduction must be on activities directly related to the safety, dismantlement, and nonproliferation of weapons of mass destruction. The conferees direct that any environmental restoration or housing activities proposed to be carried out in fiscal year 1995 may be funded only from the subaccount established in paragraph (a)(6) of section 1206 of this act and may be conducted only in accordance with the authorities established in sections 1203(b)(6) and (b)(7) of the National Defense Authorization Act for Fiscal Year 1994. The conferees note that the limitations established in section 1206 of this act would apply only to the \$400.0 million authorized to be appropriated in section 301(21) of this act.

Auth Conf, p. 760-1

TITLE XIII-MATTERS RELATING TO ALLIES AND OTHER NATIONS

LEGISLATIVE PROVISIONS

LEGISLATIVE PROVISIONS ADOPTED

Cooperative research and development agreements with NATO organizations (sec. 1301)

The Senate bill contained a provision (sec. 241) that would authorize the Defense Department to conduct cooperative research and development projects under section 2350a of title 10, United States Code, with NATO organizations.

The House amendment contained no similar provision.

The House recedes.

North Atlantic Treaty Organization (sec. 1302)

The Senate bill contained a provision (sec. 1097) that would set forth the sense of the Congress on the relationship between the North Atlantic Treaty Organization (NATO) and the United Nations.

The House amendment contained a similar provision (sec. 1041).

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The House recedes.

Auth Conf, p. 761

Acquisition and cross-servicing agreements (sec. 1317)

The House amendment included a provision (sec. 1022) that would allow the Secretary of Defense to enter into acquisition and cross-servicing agreements with the United Nations and regional organizations of which the United States is a member. The provision would also make other changes in the authority of the Secretary of Defense to enter into such agreements.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would (1) delete subsection (c) of the House provision on pricing principles; (2) expand the definition of the term "transfer" to include selling and leasing; and (3) make other changes in subchapter I of chapter 138 of title 10, United States Code, that would facilitate acquisition and cross-servicing agreements between the United States and other countries and organizations.

The conferees agree to limit the expansion of the Secretary's authority to international organizations "of which the United States is a member." If the Defense Department determines after experience with this expanded authority that expanding it further to include international organizations of which the United States is not a member would enhance the U.S. national interest, the conferees encourage the Department of Defense to submit a legislative proposal to make this change.

Permanent authority for the Department of Defense to share equitably the costs of claims under international armaments cooperative programs (sec. 1318)

The Senate bill contained a provision (sec. 823) that would extend indefinitely the authority of the Defense Department to pay its share of an international armaments cooperative program's claims in accordance with the program's cost-sharing formula or in accordance with any other equitable formula that is negotiated by the participants.

The House amendment contained no similar provision.

The House recedes.

Defense cooperation between the United States and Israel (sec. 1321)

The Senate bill contained a provision (sec. 1014) that would express the support of Congress for continued cooperation between the United States and Israel in military and technical areas.

The House amendment contained no similar provision.

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The House recedes with an amendment. The conferees agree that the national interests of the United States and Israel are best served by strengthening existing mechanisms for cooperation and working toward eliminating unnecessary barriers to collaboration between the two countries.

Auth Conf, p. 766-767

TITLE XXXI-DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

Weapons activities (sec. 3101)

The Senate bill contained a provision (sec. 3101) that would authorize \$3.310 billion for operating expenses, plant projects, and capital equipment for weapons activities necessary to carry out the Department of Energy national security programs.

The House amendment contained a provision (sec. 3101) that would authorize \$3.203 billion.

The conferees recommend \$3.234 billion for weapons activities, a reduction of \$66.0 million to the requested amount of \$3.300 billion. This reduction is necessary due to budgetary constraints; however, it is offset in part by the availability of prior-year funds that have not been obligated, prior-year funds that, although obligated, have not been spent and will probably not be needed for the projects for which they were obligated, and unnecessary prefinancing expenses.

Auth Conf, p. 833

Nuclear materials support and other defense programs (sec. 3103)

The Senate bill contained a provision (sec. 3103) that would authorize \$1.894 billion for operating expenses, plant projects, and capital equipment for nuclear materials support and other defense programs.

The House amendment contained a provision (sec. 3103) that would authorize \$1.949 billion.

The conferees recommend \$1.850 billion for nuclear materials support and other defense programs, a reduction of \$49.0 million to the requested amount of \$1.899 billion. This reduction is necessary due to budgetary constraints; however, it is offset in part by the availability of prior-year funds that have not been obligated, prior-year funds that, although obligated, have not been spent and will probably not be needed for the projects for which they were obligated, and unnecessary prefinancing expenses.

Auth Conf, p. 833

Defense inertial confinement fusion program (sec. 3132)

The Senate bill contained a provision (sec. 3132) that would provide \$176.473 million to the Department of Energy for the defense inertial confinement fusion program.

The House amendment contained a similar provision (sec. 3132).

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The House recedes.

In September 1990, the National Academy of Sciences completed a review of the inertial confinement fusion program. The review set out a series of milestones and priorities that the Department of Energy has begun to implement. The conferees urge the DOE to implement fully the recommendations of the Academy. The conferees provide \$176.473 million for inertial confinement fusion, of which \$166.755 million is for operating expenses and \$9.718 million is for capital equipment. This is the same level as the requested amount.

This funding would provide \$20.765 million to continue the upgrade of the OMEGA laser, \$78.650 million for the upgrade of the NOVA laser, and \$8.750 for the Naval Research Laboratory. The conferees note that no funds were requested for any litigation expenses or other expenses associated with the close-out or termination of any prior-year contracts. Therefore, the conferees prohibit the use of any of the funds authorized and appropriated for the ICF program for such purposes unless DOE submits a formal reprogramming request prior to obligating funds for litigation, close-out, termination, or related costs connected with prior-year contracts.

The ICF program is an important part of the new science-based stockpile stewardship program. The conferees remain committed to supporting the program.

Auth Conf, p. 837-838

National security programs (sec. 3137)

The Senate bill contained a provision (sec. 3137) that would prohibit obligation of more than 90 percent of the funds authorized to be appropriated under this title until the Secretary of Energy submits to the Congress the five-year budget plan for fiscal year 1996 required by section 3144 of the National Defense Authorization Act for Fiscal Years 1990 and 1991.

The House amendment contained no similar provision.

The House recedes with an amendment that would prohibit obligation of more than 80 percent of the funds available until the plan was submitted

Auth Conf, p. 839

Approval for certain nuclear weapons activities (sec. 3152)

The Senate bill contained a provision (sec. 3152) that would amend section 179 of title 10, United States Code, to include, as an additional responsibility of the Nuclear Weapons Council, coordination and approval of activities conducted by the Department of Energy associated with the study, development, production, and retirement of nuclear warheads.

The House amendment contained a similar provision (sec. 3152). The House provision would also require the Nuclear Weapons Council to conduct an annual review of operations of the Council, the projects approved by the Council, and the activities carried out by the Department of Energy. The results of the review would be discussed in an annual report to the Secretary of Energy, a copy of which would be provided to the congressional

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defense committees. The report would cover the preceding fiscal year and would be submitted prior to the preparation of the budget request for the next fiscal year.

The Senate recedes with an amendment that would clarify that the report is required to be submitted to the congressional defense committees at the same time the President's budget request is submitted to Congress.

Auth Conf, p. 841-2

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2182) to authorize appropriations for fiscal year 1995 for military activities of the Department of Defense, for military construction, and for defense programs of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SUMMARY STATEMENT OF CONFERENCE ACTION

The conferees recommend authorizations for the Department of Defense for procurement, research and development, test and evaluation, operation and maintenance, working capital funds, military construction and family housing, weapons programs of the Department of Energy, and civil defense that have a budget authority implication of \$263.8 billion.

SUMMARY TABLE OF AUTHORIZATIONS

The defense authorization act provides authorizations for appropriations but does not generally provide budget authority. Budget authority is generally provided in appropriation acts.

In order to relate the conference recommendations to the Budget Resolution, matters in addition to the dollar authorizations contained in this bill must be taken into account. A number of programs in the defense function are authorized permanently or, in certain instances, authorized in other annual legislation. In addition, this authorization bill would establish personnel levels and include a number of legislative provisions affecting military compensation.

The following table summarizes authorizations included in the bill for fiscal year 1995 and, in addition, summarizes the implication of the conference action for the budget totals for national defense (budget function 050).

Auth Conf, p. 465-466